

Senate File 453

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1 3 AN ACT
1 4 RELATING TO STATE AND LOCAL GOVERNMENT FINANCIAL AND REGULATORY
1 5 MATTERS, MAKING AND REDUCING APPROPRIATIONS, PROVIDING A FEE,
1 6 INCREASING CIVIL PENALTIES, AND PROVIDING APPLICABILITY AND
1 7 EFFECTIVE DATES.

1 8
1 9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 10
1 11 DIVISION I
1 12 PROPERTY TAX REPLACEMENT

1 13 Section 1. Section 24.14, Code 2003, is amended to read as
1 14 follows:

1 15 24.14 TAX LIMITED.

1 16 A greater tax than that so entered upon the record shall
1 17 not be levied or collected for the municipality proposing the
1 18 tax for the purposes indicated and a greater expenditure of
1 19 public money shall not be made for any specific purpose than
1 20 the amount estimated and appropriated for that purpose, except
1 21 as provided in sections 24.6 and 24.15. All budgets set up in
1 22 accordance with the statutes shall take such funds, and
1 23 allocations made by sections 123.53~~7~~ and 452A.79 and ~~chapter~~
~~1 24 405A~~, into account, and all such funds, regardless of their
1 25 source, shall be considered in preparing the budget.

1 26 Sec. 2. Section 331.403, subsection 3, Code 2003, is
1 27 amended to read as follows:

1 28 3. A county that fails to meet the filing deadline imposed
1 29 by this section shall have withheld from payments to be made
1 30 to the county ~~and allocated to the county pursuant to chapter~~
~~1 31 405A section 425.1~~ an amount equal to five cents per capita
1 32 until the financial report is filed.

1 33 Sec. 3. Section 331.427, subsection 1, unnumbered
1 34 paragraph 1, Code 2003, is amended to read as follows:

1 35 Except as otherwise provided by state law, county revenues
2 1 from taxes and other sources for general county services shall
2 2 be credited to the general fund of the county, including
2 3 revenues received under sections 91.11, 101A.3, 101A.7,
2 4 123.36, 123.143, 142B.6, 176A.8, 321.105, 321.152, 321G.7,
2 5 section 331.554, subsection 6, sections 341A.20, 364.3,
2 6 368.21, 422A.2, 428A.8, 430A.3, 433.15, 434.19, 445.57,
2 7 453A.35, 458A.21, 483A.12, 533.24, 556B.1, 583.6, 602.8108,
2 8 904.908, and 906.17, ~~and chapter 405A~~, and the following:

2 9 Sec. 4. Section 384.22, unnumbered paragraph 2, Code 2003,
2 10 is amended to read as follows:

2 11 A city that fails to meet the filing deadline imposed by
2 12 this section shall have withheld from payments to be made to
2 13 ~~the county which are allocated to the city pursuant to chapter~~
~~2 14 405A section 425.1~~ an amount equal to five cents per capita
2 15 until the annual report is filed with the auditor of state.

2 16 Sec. 5. Section 427B.19, subsection 3, unnumbered
2 17 paragraph 1, Code 2003, is amended to read as follows:

2 18 On or before September 1 of each fiscal year through June
2 19 30, ~~2006~~ 2004, the county auditor shall prepare a statement,
2 20 based upon the report received pursuant to subsections 1 and
2 21 2, listing for each taxing district in the county:

2 22 Sec. 6. Section 427B.19, subsection 3, paragraph c, Code
2 23 2003, is amended to read as follows:

2 24 c. The industrial machinery, equipment and computers tax
2 25 replacement claim for each taxing district. For fiscal years
2 26 beginning July 1, 1996, and ending June 30, 2001, the
2 27 replacement claim is equal to the amount determined pursuant
2 28 to paragraph "a", multiplied by the tax rate specified in
2 29 paragraph "b". For fiscal years beginning July 1, 2001, and
2 30 ending June 30, ~~2006~~ 2004, the replacement claim is equal to
2 31 the product of the amount determined pursuant to paragraph
2 32 "a", less any increase in valuations determined in paragraph
2 33 "d", and the tax rate specified in paragraph "b". If the
2 34 amount subtracted under paragraph "d" is more than the amount
2 35 determined in paragraph "a", there is no tax replacement for
3 1 the fiscal year.

3 2 Sec. 7. Section 427B.19A, subsection 1, Code 2003, is
3 3 amended to read as follows:

3 4 1. The industrial machinery, equipment and computers
3 5 property tax replacement fund is created. For the fiscal year

3 6 beginning July 1, 1996, through the fiscal year ending June
3 7 30, ~~2006~~ 2004, there is appropriated annually from the general
3 8 fund of the state to the department of revenue and finance to
3 9 be credited to the industrial machinery, equipment and
3 10 computers property tax replacement fund, an amount sufficient
3 11 to implement this division. However, for the fiscal year
3 12 beginning July 1, 2003, the amount appropriated to the
3 13 department of revenue and finance to be credited to the
3 14 industrial machinery, equipment and computers tax replacement
3 15 fund is ten million eighty-one thousand six hundred eighty-
3 16 five dollars.

3 17 Sec. 8. Section 427B.19C, Code 2003, is amended to read as
3 18 follows:

3 19 427B.19C ADJUSTMENT OF CERTAIN ASSESSMENTS REQUIRED.

3 20 In the assessment year beginning January 1, ~~2005~~ 2003, the
3 21 amount of assessed value of property defined in section
3 22 403.19, subsection 1, for an urban renewal taxing district
3 23 which received replacement moneys under section 427B.19A,
3 24 subsection 4, shall be reduced by an amount equal to that
3 25 portion of the amount of assessed value of such property which
3 26 was assessed pursuant to section 427B.17, subsection 3.

3 27 Sec. 9. Section 441.73, subsection 4, Code 2003, is
3 28 amended to read as follows:

3 29 4. The executive council shall transfer for the fiscal
3 30 year beginning July 1, 1992, and each fiscal year thereafter,
3 31 from funds established in sections ~~405A.8~~, 425.17, and 426.1,
3 32 an amount necessary to pay litigation expenses. The amount of
3 33 the fund for each fiscal year shall not exceed seven hundred
3 34 thousand dollars. The executive council shall determine
3 35 annually the proportionate amounts to be transferred from the
4 1 ~~three~~ two separate funds. At any time when no litigation is
4 2 pending or in progress the balance in the litigation expense
4 3 fund shall not exceed one hundred thousand dollars. Any
4 4 excess moneys shall be transferred in a proportionate amount
4 5 back to the funds from which they were originally transferred.

4 6 Sec. 10. GUARANTEE OF REPLACEMENT FUNDS. The revaluation
4 7 of all industrial machinery, equipment, and computers
4 8 authorized in section 427B.19B, Code 2003, as a result of the
4 9 insufficient funding of the industrial machinery, equipment
4 10 and computers property tax replacement fund for the fiscal
4 11 year beginning July 1, 2002, is void and taxes payable in the
4 12 fiscal year beginning July 1, 2003, shall not be levied on the
4 13 amount of such revaluation.

4 14 Sec. 11. Sections 403.23, 405A.1, 405A.2, 405A.3, 405A.4,
4 15 405A.5, 405A.6, 405A.7, 405A.8, 405A.9, 405A.10, 422.65,
4 16 427A.12, and 427B.19B, Code 2003, are repealed.

4 17 Sec. 12. UNIFORM REDUCTIONS. The general assembly finds
4 18 that the provisions of this division of this Act will result
4 19 in reductions in appropriations that would otherwise be made
4 20 from the general fund of the state for the fiscal year
4 21 beginning July 1, 2003, that total \$70,000,000. If the
4 22 governor vetoes a portion of this division of this Act, the
4 23 governor shall order uniform reductions in appropriations
4 24 allotments as provided in section 8.31, in an amount equal to
4 25 the appropriations that are made as a result of the veto.

4 26 Sec. 13. EFFECTIVE DATE. The section of this division of
4 27 this Act that voids the revaluation of machinery, equipment,
4 28 and computers, being deemed of immediate importance, takes
4 29 effect upon enactment.

4 30 DIVISION II
4 31 PARKING TICKETS

4 32 Sec. 14. Section 321.236, subsection 1, paragraph a, Code
4 33 2003, is amended to read as follows:

4 34 a. May be charged and collected upon a simple notice of a
4 35 fine payable to the city clerk or clerk of the district court,
5 1 if authorized by ordinance. ~~The fine shall not exceed five~~
5 2 ~~dollars except for snow route parking violations in which case~~
5 3 ~~the fine shall not exceed twenty-five dollars for each~~
5 4 ~~violation charged under a simple notice of a fine shall be~~
5 5 ~~established by ordinance.~~ The fine may be increased up to ten

5 6 by five dollars if the parking violation is not paid within
5 7 thirty days of the date upon which the violation occurred, if
5 8 authorized by ordinance. Violations of section 321L.4,
5 9 subsection 2, may be charged and collected upon a simple
5 10 notice of a one hundred dollar fine payable to the city clerk
5 11 or clerk of the district court, if authorized by ordinance.
5 12 No costs or other charges shall be assessed. All fines
5 13 collected by a city pursuant to this paragraph shall be
5 14 retained by the city and all fines collected by a county
5 15 pursuant to this paragraph shall be retained by the county.

5 16 Sec. 15. Section 805.8A, subsection 1, paragraph a, Code

5 17 2003, is amended to read as follows:

5 18 a. For parking violations under sections 321.236, 321.239,
5 19 321.358, 321.360, and 321.361, the scheduled fine is five
5 20 dollars, except if the local authority has established the
5 21 fine by ordinance pursuant to section 321.236, subsection 1.
5 22 ~~The scheduled fine for a parking violation of pursuant to~~
5 23 ~~section 321.236 increases in an amount up to ten by five~~
5 24 ~~dollars, as authorized by ordinance pursuant to section~~
5 25 ~~321.236, subsection 1, paragraph "a", if the parking violation~~
5 26 ~~is not paid within thirty days of the date upon which the~~
5 27 ~~violation occurred. For purposes of calculating the unsecured~~
5 28 ~~appearance bond required under section 805.6, the scheduled~~
5 29 ~~fine shall be five dollars, or if the amount of the fine is~~
5 30 ~~greater than five dollars, the unsecured appearance bond shall~~
5 31 ~~be the amount of the fine established by the local authority~~
5 32 ~~pursuant to section 321.236, subsection 1. However,~~
5 33 ~~violations charged by a city or county upon simple notice of a~~
5 34 ~~fine instead of a uniform citation and complaint as permitted~~
5 35 ~~by section 321.236, subsection 1, paragraph "a", are not~~
6 1 ~~scheduled violations, and this section shall not apply to any~~
6 2 ~~offense charged in that manner. For a parking violation under~~
6 3 ~~section 321.362 or 461A.38, the scheduled fine is ten dollars.~~

6 4 DIVISION III

6 5 LAW ENFORCEMENT ACADEMY

6 6 Sec. 16. NEW SECTION. 80B.11E ACADEMY TRAINING ==
6 7 APPLICATION BY INDIVIDUAL == INDIVIDUAL EXPENSE.
6 8 1. Notwithstanding any other provision of law to the
6 9 contrary, an individual who is not a certified law enforcement
6 10 officer may apply for attendance at the law enforcement
6 11 academy at their own expense if such individual is sponsored
6 12 by a law enforcement agency that either intends to hire or has
6 13 hired the individual as a law enforcement officer on the
6 14 condition that the individual meets the minimum eligibility
6 15 standards described in subsection 2.
6 16 2. An individual who submits an application pursuant to
6 17 subsection 1 shall, at a minimum, meet all minimum hiring
6 18 standards as established by academy rules, including the
6 19 successful completion of certain psychological and physical
6 20 testing examinations. In addition, such individual shall be
6 21 of good moral character as determined by a thorough background
6 22 investigation by the academy for a fee. For such purposes,
6 23 the academy shall have the authority to conduct a background
6 24 investigation of the individual, including a fingerprint
6 25 search of local, state, and national fingerprint files.
6 26 3. An individual shall not be granted permission to attend
6 27 an academy training program if such acceptance would result in
6 28 the nonacceptance of another qualifying applicant who is a law
6 29 enforcement officer.
6 30 4. An individual who has not been hired by a law
6 31 enforcement agency must be hired by a law enforcement agency
6 32 within eighteen months of completing the appropriate
6 33 coursework at the law enforcement academy in order to obtain
6 34 certification pursuant to this section.

6 35 DIVISION IV

7 1 BUDGET

7 2 Sec. 17. Section 331.436, Code 2003, is amended to read as
7 3 follows:
7 4 331.436 PROTEST.
7 5 Protests to the adopted budget must be made in accordance
7 6 with sections 24.27 through 24.32 as if the county were the
7 7 municipality under those sections except that the number of
7 8 people necessary to file a protest under this section shall
7 9 not be less than one hundred.

7 10 DIVISION V

7 11 INDEBTEDNESS REPORTING == COLLECTION OF TAXES

7 12 Sec. 18. Section 403.23, subsection 1, Code 2003, is
7 13 amended by striking the subsection and inserting in lieu
7 14 thereof the following:
7 15 1. On or before December 1 of each odd-numbered year, each
7 16 municipality that has established an urban renewal area shall
7 17 report to the department of management and to the appropriate
7 18 county auditor the total amount of loans, advances,
7 19 indebtedness, or bonds outstanding at the close of the most
7 20 recently ended fiscal year, which qualify for payment from the
7 21 special fund created in section 403.19, including interest
7 22 negotiated on such loans, advances, indebtedness, or bonds.
7 23 For purposes of this subsection, "indebtedness" includes
7 24 written agreements whereby the municipality agrees to suspend,
7 25 abate, exempt, rebate, refund, or reimburse property taxes, or
7 26 provide a grant for property taxes paid, with moneys in the
7 27 special fund. The amount of loans, advances, indebtedness, or

7 28 bonds shall be listed in the aggregate for each municipality
7 29 reporting.

7 30 Sec. 19. Section 403.23, subsections 2 and 3, Code 2003,
7 31 are amended to read as follows:

7 32 2. At the request of the legislative fiscal bureau, the
7 33 department of management shall provide the reports and
7 34 additional information to the legislative fiscal bureau. The
7 35 department of management, in consultation with the legislative
8 1 fiscal bureau, shall determine reporting criteria and shall
8 2 prepare a form for reports filed with the department pursuant
8 3 to this section. The department shall make the form available
8 4 by electronic means.

8 5 3. If a municipality does not file the ~~annual~~ report with
8 6 the department of management and the county auditor by
8 7 December 1 of each odd-numbered year, the county treasurer
8 8 shall withhold disbursement of incremental taxes to the
8 9 municipality until the ~~annual~~ report is filed beginning
8 10 immediately with the next following disbursement of taxes.
8 11 The county auditor shall notify the county treasurer if taxes
8 12 are to be withheld.

8 13 Sec. 20. Section 631.1, Code 2003, is amended by adding
8 14 the following new subsection:

8 15 NEW SUBSECTION. 7. The district court sitting in small
8 16 claims has concurrent jurisdiction of an action for the
8 17 collection of taxes brought by a county treasurer pursuant to
8 18 sections 445.3 and 445.4 where the amount in controversy is
8 19 five thousand dollars or less for actions commenced on or
8 20 after July 1, 2003, exclusive of interest and costs.

DIVISION VI

MUNICIPAL AND COUNTY INFRACTIONS

8 23 Sec. 21. Section 331.302, subsection 15, Code 2003, is
8 24 amended to read as follows:

8 25 15. A county shall not provide a civil penalty in excess
8 26 of ~~five seven~~ hundred fifty dollars for the violation of an
8 27 ordinance which is classified as a county infraction or if the
8 28 infraction is a repeat offense, a civil penalty not to exceed
8 29 ~~seven hundred fifty one thousand~~ dollars for each repeat
8 30 offense. A county infraction is not punishable by
8 31 imprisonment.

8 32 Sec. 22. Section 331.307, subsection 1, Code 2003, is
8 33 amended to read as follows:

8 34 1. A county infraction is a civil offense punishable by a
8 35 civil penalty of not more than ~~five seven~~ hundred fifty
9 1 dollars for each violation or if the infraction is a repeat
9 2 offense a civil penalty not to exceed ~~seven hundred fifty one~~
9 3 thousand dollars for each repeat offense.

9 4 Sec. 23. Section 364.3, subsection 6, Code 2003, is
9 5 amended to read as follows:

9 6 6. A city shall not provide a civil penalty in excess of
9 7 ~~five seven~~ hundred fifty dollars for the violation of an
9 8 ordinance which is classified as a municipal infraction or if
9 9 the infraction is a repeat offense, a civil penalty not to
9 10 exceed ~~seven hundred fifty one thousand~~ dollars for each
9 11 repeat offense. A municipal infraction is not punishable by
9 12 imprisonment.

9 13 Sec. 24. Section 364.22, subsection 1, unnumbered
9 14 paragraph 1, Code 2003, is amended to read as follows:

9 15 A municipal infraction is a civil offense punishable by a
9 16 civil penalty of not more than ~~five seven~~ hundred fifty
9 17 dollars for each violation or if the infraction is a repeat
9 18 offense, a civil penalty not to exceed ~~seven hundred fifty one~~
9 19 thousand dollars for each repeat offense. However,

9 20 notwithstanding section 364.3, a municipal infraction arising
9 21 from noncompliance with a pretreatment standard or
9 22 requirement, referred to in 40 C.F.R. } 403.8, by an
9 23 industrial user may be punishable by a civil penalty of not
9 24 more than one thousand dollars for each day a violation exists
9 25 or continues.

DIVISION VII

TRANSACTION FEE

9 28 Sec. 25. NEW SECTION. 331.605C ELECTRONIC TRANSACTION
9 29 FEE == AUDIT.

9 30 1. For the fiscal year beginning July 1, 2003, and ending
9 31 June 30, 2004, the recorder shall collect a fee of five
9 32 dollars for each recorded transaction for which a fee is paid
9 33 pursuant to section 331.604 to be used for the purposes of
9 34 planning and implementing electronic recording and electronic
9 35 transactions in each county and developing county and
10 1 statewide internet websites to provide electronic access to
10 2 records and information.

10 3 2. Beginning July 1, 2004, the recorder shall collect a

10 4 fee of one dollar for each recorded transaction for which a
10 5 fee is paid pursuant to section 331.604 to be used for the
10 6 purpose of paying the county's ongoing costs of maintaining
10 7 the systems developed and implemented under subsection 1.
10 8 3. The county treasurer, on behalf of the recorder, shall
10 9 establish and maintain an interest-bearing account into which
10 10 all moneys collected pursuant to subsections 1 and 2 shall be
10 11 deposited.

10 12 4. The state government electronic transaction fund is
10 13 established in the office of the treasurer of state under the
10 14 control of the treasurer of state. Moneys deposited into the
10 15 fund are not subject to section 8.33. Notwithstanding section
10 16 12C.7, interest or earnings on moneys in the state government
10 17 electronic transaction fund shall be credited to the fund.
10 18 Moneys in the state government electronic transaction fund are
10 19 not subject to transfer, appropriation, or reversion to any
10 20 other fund, or any other use except as provided in this
10 21 subsection. The treasurer of state shall enter into a
10 22 contract with the Iowa state association of counties affiliate
10 23 representing county recorders to develop, implement, and
10 24 maintain a statewide internet website for purposes of
10 25 providing electronic access to records and information
10 26 recorded or filed by county recorders. On a monthly basis,
10 27 the county treasurer shall pay one dollar of each fee
10 28 collected pursuant to subsection 1 to the treasurer of state
10 29 for deposit into the state government electronic transaction
10 30 fund. Moneys credited to the state government electronic
10 31 transaction fund are appropriated to the treasurer of state to
10 32 be used for contract costs. This subsection is repealed June
10 33 30, 2004.

10 34 5. The pooled local government electronic transaction fund
10 35 is established in the office of the treasurer of state under
11 1 control of the treasurer of state. Moneys deposited into the
11 2 fund are not subject to section 8.33. Notwithstanding section
11 3 12C.7, interest or earnings on moneys in the pooled local
11 4 government electronic transaction fund shall be credited to
11 5 the fund. Moneys in the fund are not subject to transfer,
11 6 appropriation, or reversion to any other fund, or any other
11 7 use except as provided in this subsection. On a quarterly
11 8 basis, the county treasurer shall pay four dollars of each fee
11 9 collected pursuant to subsection 1 and all fees collected
11 10 pursuant to subsection 2, to the treasurer of state for
11 11 deposit into the pooled local government electronic
11 12 transaction fund. Moneys credited to the pooled local
11 13 government electronic transaction fund are appropriated to the
11 14 treasurer of state to be distributed equally to all counties
11 15 and paid to the county treasurers of each county within thirty
11 16 days after the moneys are received by the treasurer of state.
11 17 Moneys received by a county treasurer pursuant to this
11 18 subsection shall be deposited into the account established and
11 19 maintained by the county treasurer on behalf of the county
11 20 recorder under subsection 3, and shall be used by the county
11 21 recorder for the purposes set forth in subsections 1 and 2.
11 22 6. The recorder shall make available any information
11 23 required by the county auditor or auditor of state concerning
11 24 the fees collected under this section for the purposes of
11 25 determining the amount of fees collected and the uses for
11 26 which such fees are expended.

11 27 DIVISION VIII

11 28 LOCAL GOVERNMENT LEASES

11 29 Sec. 26. Section 346.27, Code 2003, is amended by adding
11 30 the following new subsection:

11 31 NEW SUBSECTION. 26. Any incorporating unit may enter into
11 32 a lease with an authority that the authority and the
11 33 incorporating unit determine is necessary and convenient to
11 34 effectuate their purposes and the purposes of this section.
11 35 The power to enter into leases under this section is in
12 1 addition to other powers granted to cities and counties to
12 2 enter into leases and the provisions of chapter 75, section
12 3 364.4, subsection 4, and section 331.301, subsection 10, are
12 4 not applicable to leases entered into under this section.

12 5 DIVISION IX

12 6 LOCAL GOVERNMENT INNOVATION FUND

12 7 Sec. 27. NEW SECTION. 8.64 LOCAL GOVERNMENT INNOVATION
12 8 FUND == COMMITTEE == LOANS.

12 9 1. The local government innovation fund is created in the
12 10 state treasury under the control of the department of
12 11 management for the purpose of stimulating and encouraging
12 12 innovation in local government by the awarding of loans to
12 13 cities and counties.

12 14 2. The director of the department of management shall

12 15 establish a seven-member committee to be called the local
12 16 government innovation fund committee. Committee members shall
12 17 have expertise in local government. The committee shall
12 18 review all requests for funds and approve loans of funds if
12 19 the committee determines that a city or county project that is
12 20 the subject of a request would result in cost savings,
12 21 innovative approaches to service delivery, or added revenue to
12 22 the city, county, or state. Eligible projects are projects
12 23 which cannot be funded from a city's or county's operating
12 24 budget without adversely affecting the city's or county's
12 25 normal service levels. Preference shall be given to requests
12 26 involving the sharing of services between two or more local
12 27 governments. Projects may include, but are not limited to,
12 28 purchase of advanced technology, contracting for expert
12 29 services, and acquisition of equipment or supplies.

12 30 3. A city or county seeking a loan from the local
12 31 government innovation fund shall complete an application form
12 32 designed by the local government innovation fund committee
12 33 which employs a return on investment concept and demonstrates
12 34 how the project funded by the loan will result in reduced
12 35 city, county, or state general fund expenditures or how city
13 1 or county fund revenues will increase without an increase in
13 2 state costs. Minimum loan requirements for city or county
13 3 requests shall be determined by the committee.

13 4 4. a. In order for the local government innovation fund
13 5 to be self-supporting, the local government innovation fund
13 6 committee shall establish repayment schedules for each loan
13 7 awarded. The loan requirements shall be outlined in a chapter
13 8 28E agreement executed between the state and the city or
13 9 county receiving the loan. A city or county shall repay the
13 10 loan over a period not to exceed five years, with interest, at
13 11 a rate to be determined by the local government innovation
13 12 fund committee.

13 13 b. The local government innovation fund committee shall
13 14 utilize the department of management, the department of
13 15 revenue and finance, or other source of technical expertise
13 16 designated by the committee to certify savings projected for a
13 17 local government innovation fund project.

13 18 5. Notwithstanding section 12C.7, subsection 2, interest
13 19 or earnings on moneys deposited in the local government
13 20 innovation fund shall be credited to the local government
13 21 innovation fund. Notwithstanding section 8.33, moneys
13 22 appropriated to and moneys remaining in the local government
13 23 innovation fund at the end of a fiscal year shall not revert
13 24 to the general fund of the state.

13 25 Sec. 28. LOCAL GOVERNMENT INNOVATION FUND APPROPRIATION.
13 26 There is appropriated from the general fund of the state to
13 27 the department of management for the fiscal year beginning
13 28 July 1, 2003, and ending June 30, 2004, the following amount,
13 29 or so much thereof as is necessary, to be used for the purpose
13 30 designated:

13 31 For deposit in the local government innovation fund created
13 32 in section 8.64:

13 33 \$ 10,000,000

13 34 Notwithstanding section 8.64, subsection 4, as enacted by
13 35 this division of this Act, the local government innovation
14 1 fund committee may provide up to 20 percent of the amount
14 2 appropriated in this section in the form of forgivable loans
14 3 or as grants for those projects that propose a new and
14 4 innovative sharing initiative that would serve as an important
14 5 model for cities and counties.

14 6 DIVISION X
14 7 STUDY OF CITY AND COUNTY REGULATION BY THE
14 8 DEPARTMENT OF NATURAL RESOURCES

14 9 Sec. 29. STUDY. The legislative council shall establish a
14 10 study committee for the 2003 interim to review the department
14 11 of natural resources' enforcement and penalty policies
14 12 relating to regulation of cities and counties. The study
14 13 committee shall review options for changing the department's
14 14 approach to enforcement from reliance on punitive measures to
14 15 a collaborative approach. In addition, the amounts of fines
14 16 shall be reviewed along with the possibility of designating a
14 17 portion of a fine to be applied against the costs of
14 18 compliance with the departmental regulation.

14 19 DIVISION XI
14 20 CHARGE FOR CAPITAL ASSETS

14 21 Sec. 30. CHARGE FOR CAPITAL ASSETS. For the fiscal year
14 22 beginning July 1, 2003, and ending June 30, 2004, the
14 23 department of management shall levy a charge against
14 24 departments and establishments, as defined in section 8.2, for
14 25 indirect costs associated with state ownership of land,

14 26 buildings, equipment, or other capital assets controlled by a
14 27 department or establishment. The charges shall not be levied
14 28 against capital assets that are subject to charges levied by
14 29 the department of administrative services, if the department
14 30 is established by law, or against capital assets controlled by
14 31 the state board of regents. Moneys received as a result of
14 32 charges made under this section shall be transferred to the
14 33 fund from which the moneys were originally appropriated. The
14 34 total amount of charges levied under this section that are
14 35 associated with appropriations made from the general fund of
15 1 the state for the fiscal year shall not exceed \$1,720,000.

15 2 Sec. 31. CHARGE FOR CAPITAL == APPROPRIATIONS REDUCTION ==
15 3 STATE BOARD OF REGENTS == STUDY.

15 4 1. In lieu of applying a charge for capital assets to the
15 5 institutions under the control of the state board of regents
15 6 as otherwise provided in this division for executive branch
15 7 agencies, the appropriations made from the general fund of the
15 8 state to the state board of regents for the general university
15 9 operating budgets at the state university of Iowa, Iowa state
15 10 university of science and technology, and university of
15 11 northern Iowa, in 2003 Iowa Acts, House File 662, section 9,
15 12 subsections 2, 3, and 4, are reduced by \$17,880,000. The
15 13 state board of regents shall apply the reduction as follows:
15 14 state university of Iowa, 46.7 percent, Iowa state university
15 15 of science and technology, 36.8 percent, and university of
15 16 northern Iowa, 16.5 percent.

15 17 2. The legislative council shall authorize a study for the
15 18 2003 legislative interim on the policy option of levying
15 19 charges for capital assets against all state agencies,
15 20 including the state board of regents. The study
15 21 recommendations and findings shall include but are not limited
15 22 to identification of the capital assets that should be subject
15 23 to charges and how capital assets funded by sources other than
15 24 state funding should be charged. The study report, including
15 25 findings and recommendations, shall be submitted to the
15 26 general assembly for consideration during the 2004 legislative
15 27 session. The study shall be conducted by a study committee
15 28 consisting of the following: one member designated by the
15 29 state board of regents, one member representing the department
15 30 of management designated by the department's director, one
15 31 member representing the state department of transportation
15 32 appointed by the department's director, one member
15 33 representing the judicial branch appointed by the chief
15 34 justice of the supreme court, one member who is a member of
15 35 the general assembly jointly appointed by the majority leader
16 1 of the senate and the speaker of the house of representatives,
16 2 and one member who is a member of the general assembly jointly
16 3 appointed by the minority leader of the senate and the
16 4 minority leader of the house of representatives. A
16 5 chairperson or cochairpersons shall be designated by the
16 6 legislative council.

16 7 DIVISION XII
16 8 CHARTER AGENCIES

16 9 Sec. 32. NEW SECTION. 7J.1 CHARTER AGENCIES.

16 10 1. DESIGNATION OF CHARTER AGENCIES == PURPOSE. The
16 11 governor may, by executive order, designate up to five state
16 12 departments or agencies, as described in section 7E.5, other
16 13 than the department of administrative services, if the
16 14 department is established in law, or the department of
16 15 management, as a charter agency by July 1, 2003. The
16 16 designation of a charter agency shall be for a period of five
16 17 years which shall terminate as of June 30, 2008. The purpose
16 18 of designating a charter agency is to grant the agency
16 19 additional authority as provided by this chapter while
16 20 reducing the total appropriations to the agency.

16 21 2. CHARTER AGENCY DIRECTORS.

16 22 a. Prior to each fiscal year, or as soon thereafter as
16 23 possible, the governor and each director of a designated
16 24 charter agency shall enter into an annual performance
16 25 agreement which shall set forth measurable organization and
16 26 individual goals for the director in key operational areas of
16 27 the director's agency. The annual performance agreement shall
16 28 be made public and a copy of the agreement shall be submitted
16 29 to the general assembly.

16 30 b. In addition to the authority granted the governor as to
16 31 the appointment and removal of a director of an agency that is
16 32 a charter agency, the governor may remove a director of a
16 33 charter agency for misconduct or for failure to achieve the
16 34 performance goals set forth in the annual performance
16 35 agreement.

17 1 c. Notwithstanding any provision of law to the contrary,

17 2 the governor may set the salary of a director of a charter
17 3 agency under the pay plan for exempt positions in the
17 4 executive branch of government. In addition, the governor may
17 5 authorize the payment of a bonus to a director of a charter
17 6 agency in an amount not in excess of fifty percent of the
17 7 director's annual rate of pay, based upon the governor's
17 8 evaluation of the director's performance in relation to the
17 9 goals set forth in the annual performance agreement.

17 10 d. A director of a charter agency may authorize the
17 11 payment of bonuses to employees of the charter agency in a
17 12 total amount not in excess of fifty percent of the director's
17 13 annual rate of pay, based upon the director's evaluation of
17 14 the employees' performance.

17 15 3. APPROPRIATIONS AND ASSET MANAGEMENT.

17 16 a. It is the intent of the general assembly that
17 17 appropriations to a charter agency for any fiscal year shall
17 18 be reduced, with a target reduction of ten percent for each
17 19 charter agency, from the appropriation that would otherwise
17 20 have been enacted for that charter agency.

17 21 b. Notwithstanding any provision of law to the contrary,
17 22 proceeds from the sale or lease of capital assets that are
17 23 under the control of a charter agency shall be retained by the
17 24 charter agency and used for such purposes within the scope of
17 25 the responsibilities of the charter agency.

17 26 c. Notwithstanding section 8.33, one-half of all
17 27 unencumbered or unobligated balances of appropriations made
17 28 for each fiscal year of that fiscal period to the charter
17 29 agency shall not revert to the state treasury or to the credit
17 30 of the funds from which the appropriations were made.

17 31 d. For the fiscal period beginning July 1, 2003, and
17 32 ending June 30, 2005, a charter agency is not subject to a
17 33 uniform reduction ordered by the governor in accordance with
17 34 section 8.31.

17 35 4. PERSONNEL MANAGEMENT.

18 1 a. Notwithstanding any provision of law to the contrary, a
18 2 charter agency shall not be subject to any limitation relating
18 3 to the number of or pay grade assigned to its employees,
18 4 including any limitation on the number of full-time equivalent
18 5 positions as defined by section 8.36A.

18 6 b. A charter agency may waive any personnel rule and may
18 7 exercise the authority granted to the department of personnel,
18 8 or its successor, relating to personnel management concerning
18 9 employees of the charter agency, subject to any restrictions
18 10 on such authority as to employees of the charter agency
18 11 covered by a collective bargaining agreement. The exclusive
18 12 representative of employees of a charter agency may enter into
18 13 agreements with the charter agency to grant the charter agency
18 14 the authority described in this paragraph. A waiver of a rule
18 15 pursuant to this subsection shall be indexed, filed, and made
18 16 available for public inspection in the same manner as provided
18 17 in section 17A.9A, subsection 4.

18 18 5. PROCUREMENT AND GENERAL SERVICES. A charter agency may
18 19 waive any administrative rule regarding procurement, fleet
18 20 management, printing and copying, or maintenance of buildings
18 21 and grounds, and may exercise the authority of the department
18 22 of general services, or its successor, as it relates to the
18 23 physical resources of the state. A waiver of a rule pursuant
18 24 to this subsection shall be indexed, filed, and made available
18 25 for public inspection in the same manner as provided in
18 26 section 17A.9A, subsection 4.

18 27 6. INFORMATION TECHNOLOGY. A charter agency may waive any
18 28 administrative rule regarding the acquisition and use of
18 29 information technology and may exercise the powers of the
18 30 information technology department, or its successor, as it
18 31 relates to information technology. A waiver of a rule
18 32 pursuant to this subsection shall be indexed, filed, and made
18 33 available for public inspection in the same manner as provided
18 34 in section 17A.9A, subsection 4.

18 35 7. RULE FLEXIBILITY.

19 1 a. A charter agency may temporarily waive or suspend the
19 2 provisions of any administrative rule if strict compliance
19 3 with the rule impacts the ability of the charter agency
19 4 requesting the waiver or suspension to perform its duties in a
19 5 more cost-efficient manner and the requirements of this
19 6 subsection are met.

19 7 b. The procedure for granting a temporary waiver or
19 8 suspension of any administrative rule shall be as follows:

19 9 (1) The charter agency may waive or suspend a rule if the
19 10 agency finds, based on clear and convincing evidence, all of
19 11 the following:

19 12 (a) The application of the rule poses an undue financial

19 13 hardship on the applicable charter agency.

19 14 (b) The waiver or suspension from the requirements of a
19 15 rule in the specific case would not prejudice the substantial
19 16 legal rights of any person.

19 17 (c) Substantially equal protection of public health,
19 18 safety, and welfare will be afforded by a means other than
19 19 that prescribed in the particular rule for which the waiver or
19 20 suspension is requested.

19 21 (d) The waiver or suspension would not result in a
19 22 violation of due process, a violation of state or federal law,
19 23 or a violation of the state or federal constitution.

19 24 (2) If a charter agency proposes to grant a waiver or
19 25 suspension, the charter agency shall draft the waiver or
19 26 suspension so as to provide the narrowest exception possible
19 27 to the provisions of the rule and may place any condition on
19 28 the waiver or suspension that the charter agency finds
19 29 desirable to protect the public health, safety, and welfare.
19 30 The charter agency shall then submit the waiver or suspension
19 31 to the administrative rules review committee for consideration
19 32 at the committee's next scheduled meeting.

19 33 (3) The administrative rules review committee shall review
19 34 the proposed waiver or suspension at the committee's next
19 35 scheduled meeting following submission of the proposal and may
20 1 either take no action or affirmatively approve the waiver or
20 2 suspension, or delay the effective date of the waiver or
20 3 suspension in the same manner as for rules as provided in
20 4 section 17A.4, subsection 5, and section 17A.8, subsection 9.
20 5 If the administrative rules review committee either approves
20 6 or takes no action concerning the proposed waiver or
20 7 suspension, the waiver or suspension may become effective no
20 8 earlier than the day following the meeting. If the
20 9 administrative rules review committee delays the effective
20 10 date of the waiver or suspension but no further action is
20 11 taken to rescind the waiver or suspension, the proposed waiver
20 12 or suspension may become effective no earlier than upon the
20 13 conclusion of the delay. The administrative rules review
20 14 committee shall notify the applicable charter agency of its
20 15 action concerning the proposed waiver or suspension.

20 16 (4) Copies of the grant or denial of a waiver or
20 17 suspension under this subsection shall be filed and made
20 18 available to the public by the applicable charter agency.

20 19 c. A waiver or suspension granted pursuant to this
20 20 subsection shall be for a period of time not to exceed twelve
20 21 months or until June 30, 2008, whichever first occurs, and as
20 22 determined by the applicable charter agency. A renewal of a
20 23 temporary waiver or suspension granted pursuant to this
20 24 section shall be granted or denied in the same manner as the
20 25 initial waiver or suspension.

20 26 8. REPORTING REQUIREMENTS.

20 27 a. Each charter agency shall submit a written report to
20 28 the general assembly by December 31 of each year summarizing
20 29 the activities of the charter agency for the preceding fiscal
20 30 year. The report shall include information concerning the
20 31 expenditures of the agency and the number of filled full-time
20 32 equivalent positions during the preceding fiscal year. The
20 33 report shall include information relating to the actions taken
20 34 by the agency pursuant to the authority granted by this
20 35 section.

21 1 b. By January 15, 2008, the governor shall submit a
21 2 written report to the general assembly on the operation and
21 3 effectiveness of this chapter and the costs and savings
21 4 associated with the implementation of this chapter. The
21 5 report shall include any recommendations about extending the
21 6 chapter's effectiveness beyond June 30, 2008.

21 7 9. DEPARTMENT OF MANAGEMENT REVIEW. Each proposed waiver
21 8 or suspension of an administrative rule as authorized by this
21 9 section shall be submitted to the department of management for
21 10 review prior to the waiver or suspension becoming effective.
21 11 The director of the department of management may disapprove
21 12 the waiver or suspension if, based on clear and convincing
21 13 evidence, the director determines that the suspension or
21 14 waiver would result in an adverse financial impact on the
21 15 state.

21 16 Sec. 33. NEW SECTION. 7J.2 CHARTER AGENCY LOAN FUND.

21 17 1. A charter agency loan fund is created in the state
21 18 treasury under the control of the department of management for
21 19 the purpose of providing funding to support innovation by
21 20 those state agencies designated as charter agencies in
21 21 accordance with section 7J.1. Innovation purposes shall
21 22 include but are not limited to training, development of
21 23 outcome measurement systems, management system modifications,

21 24 and other modifications associated with transition of
21 25 operations to charter agency status. Moneys in the fund are
21 26 appropriated to the department of management for the purposes
21 27 described in this subsection.

21 28 2. A charter agency requesting a loan from the fund shall
21 29 complete an application process designated by the director of
21 30 the department of management. Minimum loan requirements for
21 31 charter agency requests shall be determined by the director.

21 32 3. In order for the fund to be self-supporting, the
21 33 director of the department of management shall establish
21 34 repayment schedules for each loan awarded. An agency shall
21 35 repay the loan over a period not to exceed five years with
22 1 interest, at a rate to be determined by the director.

22 2 4. Notwithstanding section 12C.7, subsection 2, interest
22 3 or earnings on moneys deposited in the charter agency loan
22 4 fund shall be credited to the charter agency loan fund.
22 5 Notwithstanding section 8.33, moneys credited to the charter
22 6 agency loan fund shall not revert to the fund from which
22 7 appropriated at the close of a fiscal year.

22 8 Sec. 34. NEW SECTION. 7J.3 REPEAL.

22 9 This chapter is repealed June 30, 2008.

22 10 Sec. 35. CHARTER AGENCY APPROPRIATIONS.

22 11 1. Notwithstanding any provision of law to the contrary,
22 12 the total appropriations from the general fund of the state to
22 13 those departments and agencies designated as charter agencies
22 14 for the fiscal year beginning July 1, 2003, and ending June
22 15 30, 2004, as provided by the appropriation to those agencies
22 16 as enacted by the Eightieth General Assembly, 2003 Regular
22 17 Session, shall be reduced by \$15,000,000. The department of
22 18 management shall apply the appropriation reductions, with a
22 19 target of a 10 percent reduction for each charter agency, as
22 20 necessary to achieve the overall reduction amount and shall
22 21 make this information available to the legislative fiscal
22 22 committee and the legislative fiscal bureau. It is the intent
22 23 of the general assembly that appropriations to a charter
22 24 agency in subsequent fiscal years shall be similarly adjusted
22 25 from the appropriation that would otherwise have been enacted.

22 26 2. There is appropriated from the general fund of the
22 27 state to the department of management for the fiscal year
22 28 beginning July 1, 2003, and ending June 30, 2004, the
22 29 following amount, or so much thereof as is necessary, to be
22 30 used for the purposes designated:

22 31 For deposit in the charter agency loan fund created in
22 32 section 7J.2:

22 33 \$ 3,000,000

22 34 3. For the fiscal year beginning July 1, 2003, and ending
22 35 June 30, 2004, if the actual amount of revenue received by a
23 1 charter agency exceeds the revenue amount budgeted for that
23 2 charter agency by the governor and the general assembly, the
23 3 charter agency may consider the excess amount to be repayment
23 4 receipts as defined in section 8.2.

23 5 Sec. 36. EFFECTIVE DATE. This division of this Act, being
23 6 deemed of immediate importance, takes effect upon enactment.

23 7 DIVISION XIII

23 8 HEALTH INSURANCE INCENTIVE

23 9 Sec. 37. STATE EMPLOYEE HEALTH INSURANCE COSTS ==
23 10 INCENTIVE PROGRAM. The department of personnel, or its
23 11 successor, may establish, with the approval of the executive
23 12 council, an incentive program for state employees to encourage
23 13 the reduction of health insurance costs for the fiscal year
23 14 beginning July 1, 2003. If established, the incentive program
23 15 shall provide that an amount equal to one-half of any savings
23 16 realized through implementation of the program shall be
23 17 distributed to applicable insured state employees in a manner
23 18 established by the incentive program. The department shall
23 19 provide the legislative government oversight committee with a
23 20 copy of the proposed incentive program submitted to the
23 21 executive council for approval. The department shall also
23 22 submit a written update to the legislative government
23 23 oversight committee by December 31, 2003, concerning its
23 24 progress in implementing an incentive program.

23 25 DIVISION XIV

23 26 AREA EDUCATION AGENCIES

23 27 Sec. 38. AREA EDUCATION AGENCY SERVICE DELIVERY TASK
23 28 FORCE.

23 29 1. The department of education shall establish a task
23 30 force to study the delivery of media services, educational
23 31 services, and special education support services by the area
23 32 education agencies. The task force shall study issues
23 33 including, but not limited to, all of the following:

23 34 a. The potentiality of a fee for services, such as

23 35 cooperative purchasing.
 24 1 b. The potential effects of allowing school districts to
 24 2 petition to join a noncontiguous area education agency.
 24 3 c. Opportunities for area education agencies to
 24 4 collaborate with community colleges and other higher education
 24 5 institutions, local libraries, and other community providers.
 24 6 d. Special education delivery by area education agencies
 24 7 and school districts, including the state's success in serving
 24 8 students identified as level I. This portion of the study
 24 9 shall also include a review of identification of students as
 24 10 level I; remediation, the success of preventative programs,
 24 11 including but not limited to, the early intervention block
 24 12 grant program; intensive instruction and tutoring; and
 24 13 appropriate reading instruction methodologies.
 24 14 e. Reduction of special education funding deficits,
 24 15 including a review of the use of state and federal funds for
 24 16 special education and related preventative programs.

24 17 2. The task force membership shall include all of the
 24 18 following:

- 24 19 a. The director of the department of education or the
- 24 20 director's designee.
- 24 21 b. An area education agency administrator.
- 24 22 c. A person representing the interests of special
- 24 23 education students.
- 24 24 d. A superintendent of a district with an enrollment of
- 24 25 more than six hundred students.
- 24 26 e. A superintendent of a district with an enrollment of
- 24 27 six hundred or fewer students.
- 24 28 f. A person from the private sector with experience in
- 24 29 developing plans for cost savings.
- 24 30 g. A person who is a private provider of special education
- 24 31 services.
- 24 32 h. An administrator of an accredited nonpublic school.
- 24 33 i. Ten members of the general assembly, including five
- 24 34 senators appointed by the president of the senate after
- 24 35 consultation with the majority and minority leaders of the
- 25 1 senate, and five representatives appointed by the speaker of
- 25 2 the house of representatives after consultation with the
- 25 3 majority and minority leaders of the house of representatives.

25 4 3. The department shall submit its findings and
 25 5 recommendations in a report to the chairpersons and ranking
 25 6 members of the senate and house standing committees on
 25 7 education and the joint appropriations subcommittee on
 25 8 education by December 15, 2003.

25 9 Sec. 39. SPECIAL EDUCATION SUPPORT SERVICES BALANCE
 25 10 REDUCTION.

25 11 1. For the fiscal year beginning July 1, 2003, and ending
 25 12 June 30, 2004, area education agency special education support
 25 13 services fund balances shall be reduced, with each area
 25 14 education agency remitting to the state the following
 25 15 designated amount:

25 16 a. Area Education Agency 1	\$	517,120
25 17 b. Area Education Agency 4	\$	221,604
25 18 c. Area Education Agencies 3 and 5, and their		
25 19 successor area education agency	\$	995,807
25 20 d. Area Education Agencies 2, 6, 7, and their		
25 21 successor area education agency	\$	913,710
25 22 e. Area Education Agency 9	\$	468,138
25 23 f. Area Education Agency 10	\$	964,357
25 24 g. Area Education Agency 11	\$	3,620,018
25 25 h. Area Education Agency 12	\$	512,949
25 26 i. Area Education Agency 13	\$	666,285
25 27 j. Area Education Agency 14	\$	405,065
25 28 k. Area Education Agency 15	\$	413,282
25 29 l. Area Education Agency 16	\$	301,664

25 30 2. Notwithstanding the provisions of section 257.37, an
 25 31 area education agency may use the funds determined to be
 25 32 available under section 257.35 in a manner which it believes
 25 33 is appropriate to best maintain the level of required area
 25 34 education agency special education services. An area
 25 35 education agency may also use unreserved fund balances for
 26 1 media services or education services in a manner which it
 26 2 believes is appropriate to best maintain the level of required
 26 3 area education agency special education services.

26 4 Sec. 40. Section 257.35, subsection 2, Code 2003, is
 26 5 amended to read as follows:

26 6 2. Notwithstanding subsection 1, the state aid for area
 26 7 education agencies and the portion of the combined district
 26 8 cost calculated for these agencies for ~~each~~ the fiscal year of
~~26 9 the fiscal period beginning July 1, 2002, and ending June 30,~~
~~26 10 2004 beginning July 1, 2002, and each succeeding fiscal year,~~

26 11 shall be reduced by the department of management by seven
26 12 million five hundred thousand dollars. The reduction for each
26 13 area education agency shall be equal to the reduction that the
26 14 agency received in the fiscal year beginning July 1, 2001.

26 15 Sec. 41. Section 257.35, Code 2003, is amended by adding
26 16 the following new subsection:

26 17 NEW SUBSECTION. 3. Notwithstanding subsection 1, and in
26 18 addition to the reduction applicable pursuant to subsection 2,
26 19 the state aid for area education agencies and the portion of
26 20 the combined district cost calculated for these agencies for
26 21 the fiscal year beginning July 1, 2003, and ending June 30,
26 22 2004, shall be reduced by the department of management by ten
26 23 million dollars. The department shall calculate a reduction
26 24 such that each area education agency shall receive a reduction
26 25 proportionate to the amount that it would otherwise have
26 26 received under this section if the reduction imposed pursuant
26 27 to this subsection did not apply.

26 28 Sec. 42. Section 257.37, subsection 6, Code 2003, is
26 29 amended to read as follows:

26 30 6. For the budget ~~years~~ year beginning July 1, 2002, and
26 31 ~~July 1, 2003~~ each succeeding budget year, notwithstanding the
26 32 requirements of this section for determining the budgets and
26 33 funding of media services and education services, an area
26 34 education agency may, within the limits of the total of the
26 35 funds provided for the budget years pursuant to section
27 1 257.35, expend for special education support services an
27 2 amount that exceeds the payment for special education support
27 3 services pursuant to section 257.35 in order to maintain the
27 4 level of required special education support services in the
27 5 area education agency.

27 6 Sec. 43. EFFECTIVE DATE. This division of this Act, being
27 7 deemed of immediate importance, takes effect upon enactment.

27 8 DIVISION XV
27 9 CHILD WELFARE SERVICES

27 10 Sec. 44. CHILD WELFARE SERVICES SYSTEM REDESIGN.

27 11 1. PURPOSE. The department of human services shall
27 12 initiate a process for improving the outcomes for families in
27 13 this state who become involved with the state system for child
27 14 welfare and juvenile justice by implementing a system redesign
27 15 to transition to an outcomes-based system for children
27 16 identified in this section. The outcomes-based system shall
27 17 be organized based upon the federal and state child welfare
27 18 outcomes and expectations and shall address the following
27 19 purposes for the children and families involved with the state
27 20 system:

27 21 a. Safety.

27 22 (1) Children are, first and foremost, protected from abuse
27 23 and neglect.

27 24 (2) Children are safely maintained in the children's homes
27 25 with family, whenever possible.

27 26 b. Permanency.

27 27 (1) Children have permanency and stability in the
27 28 children's living situations.

27 29 (2) The continuity of children's family relationships and
27 30 community connections is preserved.

27 31 c. Child and family well-being.

27 32 (1) Family capacity to provide for the needs of the
27 33 children who are part of the family is enhanced.

27 34 (2) Children receive appropriate services to meet the
27 35 children's educational needs.

28 1 (3) Children receive additional services that are
28 2 appropriate to meet the children's physical and mental health
28 3 needs.

28 4 (4) Youth who are becoming adults and leaving the service
28 5 system for children will receive appropriate services to make
28 6 the transition to become self-sufficient and contributing
28 7 members of the community.

28 8 d. Public safety. Communities are protected from juvenile
28 9 crime.

28 10 e. Accountability. Communities are made whole through
28 11 completion of community service activities assigned to
28 12 juvenile offenders.

28 13 f. Rehabilitation. Youth receive appropriate services and
28 14 make measurable progress toward acquiring the skills that are
28 15 essential to law-abiding, productive citizens.

28 16 2. CHILDREN INVOLVED. The service system redesign shall
28 17 address the needs of children who are referred to the
28 18 department of human services or juvenile court services,
28 19 including but not limited to all of the following:

28 20 a. Children adjudicated as a child in need of assistance
28 21 under chapter 232.

28 22 b. Children adjudicated delinquent under chapter 232 or
28 23 alleged to have committed a delinquent act and identified in a
28 24 police report or other formal complaint received by juvenile
28 25 court services.

28 26 c. Children subject to emergency removal under chapter 232
28 27 or placed for emergency care under section 232.20 or 232.21.

28 28 d. Children identified through a child abuse assessment
28 29 conducted in accordance with section 232.71B as being at risk
28 30 of harm from maltreatment due to child abuse.

28 31 3. DESIGN PRINCIPLES. The service system redesign shall
28 32 incorporate all of the following design principles:

28 33 a. Outcomes can be achieved in the most efficient and
28 34 cost-effective manner possible.

28 35 b. The roles of public and private child welfare staff and
29 1 the state institutions in the redesigned system's delivery
29 2 model are clarified.

29 3 c. The financing structure maximizes state and federal
29 4 funding with as much flexibility as possible and directs funds
29 5 to services and other support based upon the needs of children
29 6 and families.

29 7 d. The methodology for purchasing performance outcomes
29 8 includes definitions of performance expectations,
29 9 reimbursement provisions, financial incentives, provider
29 10 flexibility provisions, and viable protection provisions for
29 11 children, the state, and providers.

29 12 e. The regulatory and contract monitoring approaches are
29 13 designed to assure effective oversight and quality and to
29 14 address federal program and budget accountability
29 15 expectations, with appropriate recognition of the need to
29 16 balance the impact upon service providers.

29 17 f. The administrative aspects address system planning and
29 18 support, data collection, management information systems,
29 19 training, policy development, and budgeting.

29 20 4. DESIGN CONSIDERATIONS. The service system redesign
29 21 shall address all of the following design considerations:

29 22 a. Successful outcome and performance-based system changes
29 23 made in other states and communities are incorporated.

29 24 b. Linkages are made with the existing community planning
29 25 efforts and partnerships are promoted with parents, the
29 26 courts, the department, and service providers. The redesign
29 27 shall build upon successful Iowa programs such as community
29 28 partnerships for protecting children, child welfare funding
29 29 decategorization projects, and quality service reviews.

29 30 c. Federal program and budget accountability expectations
29 31 are addressed.

29 32 d. Linkages with other critical service systems are
29 33 effectively incorporated, including but not limited to the
29 34 systems for mental health, domestic abuse, and substance abuse
29 35 services, and the judicial branch.

30 1 e. Options are considered for implementation of an acuity=
30 2 based, case rate system that offers bonuses or other
30 3 incentives for providers that achieve identified results and
30 4 for providers that are able to develop strategic and
30 5 collaborative relationships with other providers.

30 6 f. Policy options are developed to address the needs of
30 7 difficult-to-treat children, such as no-eject, no-reject time
30 8 periods.

30 9 g. Implementation of evidence-based and continuous
30 10 learning practices are promoted in the public and private
30 11 sectors in order to measure and improve outcomes.

30 12 5. REDESIGN PLANNING PROCESS. The department of human
30 13 services shall implement an inclusive process for the service
30 14 system redesign utilizing a stakeholder panel to involve a
30 15 broad spectrum of input into the redesign planning, design,
30 16 implementation, and evaluation process. The stakeholder panel
30 17 membership may include but is not limited to representation
30 18 from all of the following:

30 19 a. Service consumers.

30 20 b. Judicial branch and justice system.

30 21 c. Service providers.

30 22 d. Community-based collaboration efforts such as child
30 23 welfare decategorization projects and community partnership
30 24 for child protection projects.

30 25 e. Foster and adoptive parents.

30 26 f. Advocacy groups.

30 27 g. Departmental staff.

30 28 h. Education and special education practitioners.

30 29 i. Others.

30 30 6. LEGISLATIVE MONITORING. A six-member legislative
30 31 committee is established to monitor the service system
30 32 redesign planning and implementation. The members shall be

30 33 appointed as follows: two members by the senate majority
30 34 leader, one member by the senate minority leader, two members
30 35 by the speaker of the house of representatives, and one member
31 1 by the minority leader of the house of representatives. The
31 2 committee shall provide advice and consultation to the
31 3 department and consider any legislative changes that may be
31 4 needed for implementation.

31 5 7. IMPLEMENTATION. The following implementation
31 6 provisions apply to the service system redesign:

31 7 a. Implementation of the redesign plan shall begin no
31 8 later than January 1, 2004.

31 9 b. The department of human services may adopt emergency
31 10 rules under section 17A.4, subsection 2, and section 17A.5,
31 11 subsection 2, paragraph "b", to implement the provisions of
31 12 this section and the rules shall be effective immediately upon
31 13 filing or on a later date specified in the rules, unless the
31 14 effective date is delayed by the administrative rules review
31 15 committee. Any rules adopted in accordance with this
31 16 paragraph shall not take effect before the rules are reviewed
31 17 by the administrative rules review committee. The delay
31 18 authority provided to the administrative rules review
31 19 committee under section 17A.4, subsection 5, and section
31 20 17A.8, subsection 9, shall be applicable to a delay imposed
31 21 under this paragraph, notwithstanding a provision in those
31 22 sections making them inapplicable to section 17A.5, subsection
31 23 2, paragraph "b". Any rules adopted in accordance with this
31 24 paragraph shall also be published as a notice of intended
31 25 action as provided in section 17A.4.

31 26 c. The director of human services shall seek any federal
31 27 waiver or federal plan amendment relating to funding provided
31 28 under Title IV=B, IV=E, or XIX of the federal Social Security
31 29 Act necessary to implement the service system redesign.

31 30 8. STATUTORY REQUIREMENTS. The requirements of sections
31 31 18.6 and 72.3 and the administrative rules implementing
31 32 section 8.47 are not applicable to the services procurement
31 33 process used to implement the outcomes-based service system
31 34 redesign in accordance with this section. The department of
31 35 human services may enter into competitive negotiations and
32 1 proposal modifications with each successful contractor as
32 2 necessary to implement the provisions of this section.

32 3 9. APPROPRIATIONS REDUCTION. The appropriations made from
32 4 the general fund of the state to the department of human
32 5 services for the fiscal year beginning July 1, 2003, and
32 6 ending June 30, 2004, in 2003 Iowa Acts, House File 667, if
32 7 enacted, for services, staffing, and support related to the
32 8 service system redesign are reduced by \$10,000,000. The
32 9 governor shall apply the appropriations reductions on or
32 10 before January 1, 2004, following consultation with the
32 11 director of human services, the council on human services, and
32 12 the legislative monitoring committee established pursuant to
32 13 this section. The appropriations subject to reduction shall
32 14 include but are not limited to the appropriations made for
32 15 child and family services, field operations, medical
32 16 assistance program, and general administration. The
32 17 appropriations reductions applied by the governor shall be
32 18 reported to the general assembly on the date the reductions
32 19 are applied. If the judicial branch reports a revision to the
32 20 judicial branch budget for juvenile court services making a
32 21 reduction as a result of the service system redesign, the
32 22 amount of the reductions applied by the governor shall be
32 23 reduced by the same amount.

32 24 Sec. 45. CHILD WELFARE SYSTEM REDESIGN. There is
32 25 appropriated from the general fund of the state to the
32 26 department of human services for the fiscal year beginning
32 27 July 1, 2003, and ending June 30, 2004, the following amounts,
32 28 or so much thereof as is necessary, to be used for the
32 29 purposes designated:

32 30 1. For training of service providers and departmental
32 31 employees in performance contracting, new service roles, and
32 32 other skills and information related to the redesign of the
32 33 child welfare service system, and for the development of a
32 34 statewide information system for implementation of changes
32 35 associated with the service system redesign:

33 1 \$ 1,200,000

33 2 2. For deposit in a provider loan fund, which shall be
33 3 created in the office of the treasurer of state under the
33 4 authority of the department of human services, to be used to
33 5 assist child welfare service providers with short-term cash
33 6 flow needs:

33 7 \$ 1,000,000

33 8 Moneys in the provider loan fund are appropriated to the

33 9 department for use in accordance with this subsection. The
33 10 department shall determine the length and interest rate for
33 11 loans, if any. Loan repayment proceeds shall be credited to
33 12 the provider loan fund and are appropriated to the department
33 13 to be used for other loans.

33 14 Sec. 46. Section 2C.9, Code 2003, is amended by adding the
33 15 following new subsection:

33 16 NEW SUBSECTION. 1A. Investigate, on complaint or on the
33 17 citizens' aide's own motion, any administrative action of any
33 18 person providing child welfare or juvenile justice services
33 19 under contract with an agency that is subject to investigation
33 20 by the citizens' aide. The person shall be considered to be
33 21 an agency for purposes of the citizens' aide's investigation.

33 22 DIVISION XVI

33 23 DEPARTMENT OF HUMAN SERVICES REINVENTION

33 24 Sec. 47. APPROPRIATIONS REDUCTION. The appropriations
33 25 made from the general fund of the state for the fiscal year
33 26 beginning July 1, 2003, and ending June 30, 2004, to the
33 27 department of human services in 2003 Iowa Acts, House File
33 28 667, if enacted, are reduced by \$300,000 to reflect the
33 29 anticipated savings from the electronic payment of benefits
33 30 and billings implemented pursuant to this division of this
33 31 Act. The governor shall apply the appropriations reductions
33 32 on or before January 1, 2004, following consultation with the
33 33 director of human services and the council on human services.
33 34 The appropriations reductions applied by the governor shall be
33 35 reported to the general assembly on the date the reductions
34 1 are applied.

34 2 Sec. 48. SYSTEM EFFICIENCIES == ELECTRONIC BILLING AND
34 3 PAYMENT == COMPATIBILITY == COMMUNICATIONS.

34 4 1. The department of human services shall develop a plan
34 5 to provide all provider payments under the medical assistance
34 6 program on an electronic basis by June 30, 2005.

34 7 2. The department of human services shall submit a plan to
34 8 implement an electronic billing and payment system for child
34 9 care providers to the governor and the general assembly by
34 10 January 1, 2004.

34 11 3. In developing any billing, payment, or eligibility
34 12 systems, the department of human services shall ensure that
34 13 the systems are compatible.

34 14 4. The department of human services shall investigate
34 15 measures to increase effective and efficient communications
34 16 with clients, including but not limited to reducing
34 17 duplicative mailings, and shall submit a report of
34 18 recommendations to the governor and the general assembly by
34 19 January 1, 2004.

34 20 Sec. 49. MEDICAL ASSISTANCE PROGRAM REDESIGN.

34 21 1. The department of human services shall establish a work
34 22 group in cooperation with representatives of the insurance
34 23 industry to develop a plan for the redesign of the medical
34 24 assistance program. In developing the redesign plan, the work
34 25 group shall consider all of the following:

34 26 a. Iowa's medical assistance program cannot be sustained
34 27 in a manner that provides care for participants at the current
34 28 rate of growth.

34 29 b. Iowans deserve a health care safety net that provides
34 30 health care that is timely, effective, and responsive to
34 31 individual needs.

34 32 c. Iowans would be better served, at a lower cost to
34 33 taxpayers, if persons who are at risk of becoming medical
34 34 assistance recipients due to their income, health, and
34 35 insurance status could be identified and insured.

35 1 d. Iowa's children and families would benefit from the use
35 2 of a medical home model that links children and families to an
35 3 ongoing source of medical care that ensures access to and
35 4 appropriate utilization of medical services including
35 5 preventive services.

35 6 e. Iowa's senior population should have more options
35 7 available to address the population's health care needs
35 8 including home and community-based services and assisted
35 9 living.

35 10 2. The redesign plan shall include measures such as
35 11 providing state funding for health care spending accounts for
35 12 families in the medical assistance program in order to provide
35 13 incentives for effective health care cost management,
35 14 providing an insurance-like benefit package for those
35 15 individuals with extensive medical needs that emphasizes
35 16 flexible and preventive care through case management, moving
35 17 to an acuity-based reimbursement system for dually eligible
35 18 seniors, and developing an evidence-based pharmaceutical
35 19 program.

35 20 3. The department shall submit a progress report of the
35 21 work group's recommendations for medical assistance program
35 22 redesign to the governor and the general assembly by January
35 23 15, 2004.

35 24 Sec. 50. MEDICAL ASSISTANCE APPROPRIATION REDUCTION. The
35 25 appropriation made from the general fund of the state for the
35 26 fiscal year beginning July 1, 2003, and ending June 30, 2004,
35 27 to the department of human services in 2003 Iowa Acts, House
35 28 File 667, if enacted, for medical assistance is reduced by
35 29 \$7,500,000.

35 30 Sec. 51. HOSPITAL TRUST FUND == MEDICAL ASSISTANCE
35 31 SUPPLEMENT.

35 32 1. Notwithstanding 2002 Iowa Acts, chapter 1003, Second
35 33 Extraordinary Session, sections 150 and 151, as the sections
35 34 relate to the hospital trust fund, moneys shall not be
35 35 transferred from the hospital trust fund at the end of the
36 1 fiscal year beginning July 1, 2003.

36 2 2. There is appropriated from the hospital trust fund to
36 3 the department of human services for the fiscal year beginning
36 4 July 1, 2003, and ending June 30, 2004, the following amount,
36 5 or so much thereof as is necessary to be used for the purposes
36 6 designated:

36 7 To supplement the medical assistance appropriation made in
36 8 2003 Iowa Acts, House File 667, if enacted:
36 9 \$ 14,000,000

36 10 The appropriation made in this subsection shall include
36 11 moneys in the hospital trust fund that remain unencumbered or
36 12 unobligated at the end of the fiscal year beginning July 1,
36 13 2002, and ending June 30, 2003.

36 14 Sec. 52. IOWA JUVENILE HOME. The appropriation made from
36 15 the general fund of the state for the fiscal year beginning
36 16 July 1, 2003, and ending June 30, 2004, to the department of
36 17 human services in 2003 Iowa Acts, House File 667, if enacted,
36 18 for the Iowa juvenile home at Toledo, is reduced by \$410,540.

36 19 Sec. 53. STATE TRAINING SCHOOL. The appropriation made
36 20 from the general fund of the state for the fiscal year
36 21 beginning July 1, 2003, and ending June 30, 2004, to the
36 22 department of human services in 2003 Iowa Acts, House File
36 23 667, if enacted, for the state training school at Eldora is
36 24 reduced by \$1,239,227.

36 25 Sec. 54. INDEPENDENCE MHI. The appropriation made from
36 26 the general fund of the state for the fiscal year beginning
36 27 July 1, 2003, and ending June 30, 2004, to the department of
36 28 human services in 2003 Iowa Acts, House File 667, if enacted,
36 29 for the state mental health institute at Independence, is
36 30 reduced by \$544,192.

36 31 Sec. 55. NEW SECTION. 249A.32 PHARMACEUTICAL SETTLEMENT
36 32 ACCOUNT == MEDICAL ASSISTANCE PROGRAM.

36 33 1. A pharmaceutical settlement account is created in the
36 34 state treasury under the authority of the department of human
36 35 services. Moneys received from settlements relating to
37 1 provision of pharmaceuticals under the medical assistance
37 2 program shall be deposited in the account.

37 3 2. Moneys in the account shall be used only as provided in
37 4 appropriations from the account to the department for the
37 5 purpose of technology upgrades under the medical assistance
37 6 program.

37 7 3. The account shall be separate from the general fund of
37 8 the state and shall not be considered part of the general fund
37 9 of the state. The moneys in the account shall not be
37 10 considered revenue of the state, but rather shall be funds of
37 11 the account. The moneys in the account are not subject to
37 12 reversion to the general fund of the state under section 8.33
37 13 and shall not be transferred, used, obligated, appropriated,
37 14 or otherwise encumbered, except to provide for the purposes of
37 15 this section. Notwithstanding section 12C.7, subsection 2,
37 16 interest or earnings on moneys deposited in the account shall
37 17 be credited to the account.

37 18 4. The treasurer of state shall provide a quarterly report
37 19 of account activities and balances to the director.

37 20 Sec. 56. Section 256.7, subsection 10, Code 2003, is
37 21 amended to read as follows:

37 22 10. Adopt rules pursuant to chapter 17A relating to
37 23 educational programs and budget limitations for educational
37 24 programs pursuant to sections ~~282.28~~, 282.29, 282.30, ~~and~~
37 25 ~~282.31, and 282.33~~.

37 26 Sec. 57. Section 282.32, Code 2003, is amended to read as
37 27 follows:

37 28 282.32 APPEAL.

37 29 An area education agency or local school district may
37 30 appeal a decision made pursuant to section ~~282.28~~ or 282.31 to

37 31 the state board of education. The decision of the state board
37 32 is final.

37 33 Sec. 58. NEW SECTION. 282.33 FUNDING FOR CHILDREN
37 34 RESIDING IN STATE MENTAL HEALTH INSTITUTES OR INSTITUTIONS.

37 35 1. A child who resides in an institution for children
38 1 under the jurisdiction of the director of human services
38 2 referred to in section 218.1, subsection 3, 5, 7, or 8, and
38 3 who is not enrolled in the educational program of the district
38 4 of residence of the child, shall receive appropriate
38 5 educational services. The institution in which the child
38 6 resides shall submit a proposed program and budget based on
38 7 the average daily attendance of the children residing in the
38 8 institution to the department of education and the department
38 9 of human services by January 1 for the next succeeding school
38 10 year. The department of education shall review and approve or
38 11 modify the proposed program and budget and shall notify the
38 12 department of revenue and finance of its action by February 1.
38 13 The department of revenue and finance shall pay the approved
38 14 budget amount to the department of human services in monthly
38 15 installments beginning September 15 and ending June 15 of the
38 16 next succeeding school year. The installments shall be as
38 17 nearly equal as possible as determined by the department of
38 18 revenue and finance, taking into consideration the relative
38 19 budget and cash position of the state's resources. The
38 20 department of revenue and finance shall pay the approved
38 21 budget amount for the department of human services from the
38 22 moneys appropriated under section 257.16 and the department of
38 23 human services shall distribute the payment to the
38 24 institution. The institution shall submit an accounting for
38 25 the actual cost of the program to the department of education
38 26 by August 1 of the following school year. The department
38 27 shall review and approve or modify all expenditures incurred
38 28 in compliance with the guidelines adopted pursuant to section
38 29 256.7, subsection 10, and shall notify the department of
38 30 revenue and finance of the approved accounting amount. The
38 31 approved accounting amount shall be compared with any amounts
38 32 paid by the department of revenue and finance to the
38 33 department of human services and any differences added to or
38 34 subtracted from the October payment made under this subsection
38 35 for the next school year. Any amount paid by the department
39 1 of revenue and finance shall be deducted monthly from the
39 2 state foundation aid paid under section 257.16 to all school
39 3 districts in the state during the subsequent fiscal year. The
39 4 portion of the total amount of the approved budget that shall
39 5 be deducted from the state aid of a school district shall be
39 6 the same as the ratio that the budget enrollment for the
39 7 budget year of the school district bears to the total budget
39 8 enrollment in the state for that budget year in which the
39 9 deduction is made.

39 10 2. Programs may be provided during the summer and funded
39 11 under this section if the institution determines a valid
39 12 educational reason to do so and the department of education
39 13 approves the program in the manner provided in subsection 1.

39 14 Sec. 59. Section 282.28, Code 2003, is repealed.

39 15 Sec. 60. FY 2003=2004 FUNDING. For purposes of providing
39 16 funding for educational programs provided to children residing
39 17 in an institution for children under the jurisdiction of the
39 18 director of human services referred to in section 218.1,
39 19 subsection 3, 5, 7, or 8, the institution providing such
39 20 programs to children residing in the institution shall submit
39 21 an estimated proposed program and budget based on the
39 22 estimated average daily attendance of children who will likely
39 23 be provided educational programs during the fiscal year
39 24 beginning July 1, 2003, and ending June 30, 2004, to the
39 25 department of education and the department of human services
39 26 by August 1, 2003. The budget for the institutions referred
39 27 to in section 218.1, subsections 7 and 8, shall include funds
39 28 to access services from the area education agency in the
39 29 manner in which the services were accessed from the area
39 30 education agency in the fiscal year beginning July 1, 2002.
39 31 The department of education shall review and approve or modify
39 32 the proposed program and budget and shall notify the
39 33 department of revenue and finance of its action by September
39 34 1, 2003. The department of revenue and finance shall pay the
39 35 approved budget amount, and the department of human services
40 1 shall distribute payments, as provided in section 282.33.

40 2 Sec. 61. EFFECTIVE DATE. The section of this division of
40 3 this Act relating to appropriation of moneys in the hospital
40 4 trust fund, being deemed of immediate importance, takes effect
40 5 upon enactment.

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REINVENTION INVESTMENT

Sec. 62. DEPARTMENT OF MANAGEMENT. There is appropriated from the general fund of the state to the department of management for the fiscal year beginning July 1, 2003, and ending June 30, 2004, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For investment in reinvention initiatives intended to produce ongoing savings, in addition to funds appropriated for this purpose in 2003 Iowa Acts, House File 655, section 11, subsection 3, if enacted:

..... \$ 1,350,000

DIVISION XVIII
IOWA LOTTERY AUTHORITY

Sec. 63. NEW SECTION. 99G.1 TITLE.

This chapter may be cited as the "Iowa Lottery Authority Act".

Sec. 64. NEW SECTION. 99G.2 STATEMENT OF PURPOSE AND INTENT.

The general assembly finds and declares the following:

1. That net proceeds of lottery games conducted pursuant to this chapter should be transferred to the general fund of the state in support of a variety of programs and services.

2. That lottery games are an entrepreneurial enterprise and that the state should create a public instrumentality of the state in the form of a nonprofit authority known as the Iowa lottery authority with comprehensive and extensive powers to operate a state lottery in an entrepreneurial and businesslike manner and which is accountable to the governor, the general assembly, and the people of the state through a system of audits, reports, legislative oversight, and thorough financial disclosure as required by this chapter.

3. That lottery games shall be operated and managed in a manner that provides continuing entertainment to the public, maximizes revenues, and ensures that the lottery is operated with integrity and dignity and free from political influence.

Sec. 65. NEW SECTION. 99G.3 DEFINITIONS.

As used in this chapter, unless the context clearly requires otherwise:

1. "Administrative expenses" includes, but is not limited to, personnel costs, travel, purchase of equipment and all other expenses not directly associated with the operation or sale of a game.

2. "Authority" means the Iowa lottery authority.

3. "Board" means the board of directors of the authority.

4. "Chief executive officer" means the chief executive officer of the authority.

5. "Game specific rules" means rules governing the particular features of specific games, including, but not limited to, setting the name, ticket price, prize structure, and prize claim period of the game.

6. "Instant lottery" or "instant ticket" means a game that offers preprinted tickets such that when a protective coating is scratched or scraped away, it indicates immediately whether the player has won.

7. "Lottery", "lotteries", "lottery game", "lottery games" or "lottery products" means any game of chance approved by the board and operated pursuant to this chapter and games using mechanical or electronic devices, provided that the authority shall not authorize a player-activated gaming machine that utilizes an internal randomizer to determine winning and nonwinning plays and that upon random internal selection of a winning play dispenses coins, currency, or a ticket, credit, or token to the player that is redeemable for cash or a prize, and excluding gambling or gaming conducted pursuant to chapter 99B, 99D, or 99F.

8. "Major procurement contract" means a consulting agreement or a contract with a business organization for the printing of tickets or the purchase or lease of equipment or services essential to the operation of a lottery game.

9. "Net proceeds" means all revenue derived from the sale of lottery tickets or shares and all other moneys derived from the lottery, less operating expenses.

10. "On=line lotto" means a lottery game connected to a central computer via telecommunications in which the player selects a specified group of numbers, symbols, or characters out of a predetermined range.

11. "Operating expenses" means all costs of doing business, including, but not limited to, prizes and associated prize reserves, computerized gaming system vendor expense, instant and pull=tab ticket expense, and other expenses

42 18 directly associated with the operation or sale of any game,
42 19 compensation paid to retailers, advertising and marketing
42 20 costs, and administrative expenses.

42 21 12. "Pull-tab ticket" or "pull-tab" means a game that
42 22 offers preprinted paper tickets with the play data hidden
42 23 beneath a protective tab or seal that when opened reveals
42 24 immediately whether the player has won.

42 25 13. "Retailer" means a person, licensed by the authority,
42 26 who sells lottery tickets or shares on behalf of the authority
42 27 pursuant to a contract.

42 28 14. "Share" means any intangible evidence of participation
42 29 in a lottery game.

42 30 15. "Ticket" means any tangible evidence issued by the
42 31 lottery to provide participation in a lottery game.

42 32 16. "Vendor" means a person who provides or proposes to
42 33 provide goods or services to the authority pursuant to a major
42 34 procurement contract, but does not include an employee of the
42 35 authority, a retailer, or a state agency or instrumentality
43 1 thereof.

43 2 Sec. 66. NEW SECTION. 99G.4 IOWA LOTTERY AUTHORITY
43 3 CREATED.

43 4 1. An Iowa lottery authority is created, effective
43 5 September 1, 2003, which shall administer the state lottery.
43 6 The authority shall be deemed to be a public authority and an
43 7 instrumentality of the state, and not a state agency.
43 8 However, the authority shall be considered a state agency for
43 9 purposes of chapters 17A, 21, 22, 28E, 68B, 91B, 97B, 509A,
43 10 and 669.

43 11 2. The income and property of the authority shall be
43 12 exempt from all state and local taxes, and the sale of lottery
43 13 tickets and shares issued and sold by the authority and its
43 14 retail licensees shall be exempt from all state and local
43 15 sales taxes.

43 16 Sec. 67. NEW SECTION. 99G.5 CHIEF EXECUTIVE OFFICER.

43 17 The chief executive officer of the authority shall be
43 18 appointed by the governor subject to confirmation by the
43 19 senate and shall serve a four-year term of office beginning
43 20 and ending as provided in section 69.19. The chief executive
43 21 officer shall be qualified by training and experience to
43 22 manage a lottery. The governor may remove the chief executive
43 23 officer for malfeasance in office, or for any cause that
43 24 renders the chief executive officer ineligible, incapable, or
43 25 unfit to discharge the duties of the office. Compensation and
43 26 employment terms of the chief executive officer shall be set
43 27 by the governor, taking into consideration the officer's level
43 28 of education and experience, as well as the success of the
43 29 lottery. The chief executive officer shall be an employee of
43 30 the authority and shall direct the day-to-day operations and
43 31 management of the authority and be vested with such powers and
43 32 duties as specified by the board and by law.

43 33 Sec. 68. NEW SECTION. 99G.6 POWER TO ADMINISTER OATHS
43 34 AND TAKE TESTIMONY == SUBPOENA.

43 35 The chief executive officer or the chief executive
44 1 officer's designee if authorized to conduct an inquiry,
44 2 investigation, or hearing under this chapter may administer
44 3 oaths and take testimony under oath relative to the matter of
44 4 inquiry, investigation, or hearing. At a hearing ordered by
44 5 the chief executive officer, the chief executive officer or
44 6 the designee may subpoena witnesses and require the production
44 7 of records, paper, or documents pertinent to the hearing.

44 8 Sec. 69. NEW SECTION. 99G.7 DUTIES OF THE CHIEF
44 9 EXECUTIVE OFFICER.

44 10 1. The chief executive officer of the authority shall
44 11 direct and supervise all administrative and technical
44 12 activities in accordance with the provisions of this chapter
44 13 and with the administrative rules, policies, and procedures
44 14 adopted by the board. The chief executive officer shall do
44 15 all of the following:

44 16 a. Facilitate the initiation and supervise and administer
44 17 the operation of the lottery games.

44 18 b. Employ an executive vice president, who shall act as
44 19 chief executive officer in the absence of the chief executive
44 20 officer, and employ and direct other such personnel as deemed
44 21 necessary.

44 22 c. Contract with and compensate such persons and firms as
44 23 deemed necessary for the operation of the lottery.

44 24 d. Promote or provide for promotion of the lottery and any
44 25 functions related to the authority.

44 26 e. Prepare a budget for the approval of the board.

44 27 f. Require bond from such retailers and vendors in such
44 28 amounts as required by the board.

44 29 g. Report semiannually to the legislative government
44 30 oversight committees regarding the operations of the
44 31 authority.

44 32 h. Report quarterly and annually to the board, the
44 33 governor, the auditor of state, and the general assembly a
44 34 full and complete statement of lottery revenues and expenses
44 35 for the preceding quarter, and with respect to the annual
45 1 report, for the preceding year and transfer proceeds to the
45 2 general fund within thirty days following the end of the
45 3 quarter.

45 4 i. Perform other duties generally associated with a chief
45 5 executive officer of an authority of an entrepreneurial
45 6 nature.

45 7 2. The chief executive officer shall conduct an ongoing
45 8 study of the operation and administration of lottery laws
45 9 similar to this chapter in other states or countries, of
45 10 available literature on the subject, of federal laws and
45 11 regulations which may affect the operation of the lottery and
45 12 of the reaction of citizens of this state to existing or
45 13 proposed features of lottery games with a view toward
45 14 implementing improvements that will tend to serve the purposes
45 15 of this chapter.

45 16 3. The chief executive officer may for good cause suspend,
45 17 revoke, or refuse to renew any contract entered into in
45 18 accordance with the provisions of this chapter or the
45 19 administrative rules, policies, and procedures of the board.

45 20 4. The chief executive officer or the chief executive
45 21 officer's designee may conduct hearings and administer oaths
45 22 to persons for the purpose of assuring the security or
45 23 integrity of lottery operations or to determine the
45 24 qualifications of or compliance by vendors and retailers.

45 25 Sec. 70. NEW SECTION. 99G.8 BOARD OF DIRECTORS.

45 26 1. The authority shall be administered by a board of
45 27 directors comprised of five members appointed by the governor
45 28 subject to confirmation by the senate. Board members
45 29 appointed when the senate is not in session shall serve only
45 30 until the end of the next regular session of the general
45 31 assembly, unless confirmed by the senate.

45 32 2. Board members shall serve staggered terms of four years
45 33 beginning and ending as provided in section 69.19. No more
45 34 than three board members shall be from the same political
45 35 party.

46 1 3. Board members may be removed by the governor for
46 2 neglect of duty, misfeasance, or nonfeasance in office.

46 3 4. No officer or employee of the authority shall be a
46 4 member of the board.

46 5 5. Board members shall be residents of the state of Iowa,
46 6 shall be prominent persons in their respective businesses or
46 7 professions, and shall not have been convicted of any felony
46 8 offense. Of the members appointed, the governor shall appoint
46 9 to the board an attorney admitted to the practice of law in
46 10 Iowa, an accountant, a person who is or has been a law
46 11 enforcement officer, and a person having expertise in
46 12 marketing.

46 13 6. A majority of members in office shall constitute a
46 14 quorum for the transaction of any business and for the
46 15 exercise of any power or function of the authority.

46 16 7. Action may be taken and motions and resolutions adopted
46 17 by the board at any meeting thereof by the affirmative vote of
46 18 a majority of present and voting board members.

46 19 8. No vacancy in the membership of the board shall impair
46 20 the right of the members to exercise all the powers and
46 21 perform all the duties of the board.

46 22 9. Board members shall be considered to hold public office
46 23 and shall give bond as such as required in chapter 64.

46 24 10. Board members shall be entitled to receive a per diem
46 25 as specified in section 7E.6 for each day spent in performance
46 26 of duties as members, and shall be reimbursed for all actual
46 27 and necessary expenses incurred in the performance of their
46 28 official duties as members. No person who serves as a member
46 29 of the board shall by reason of such membership be eligible
46 30 for membership in the Iowa public employees' retirement system
46 31 and service on the board shall not be eligible for service
46 32 credit for any public retirement system.

46 33 11. The board shall meet at least quarterly and at such
46 34 other times upon call of the chairperson or the president.
46 35 Notice of the time and place of each board meeting shall be
47 1 given to each member. The board shall also meet upon call of
47 2 three or more of the board members. The board shall keep
47 3 accurate and complete records of all its meetings.

47 4 12. Meetings of the board shall be governed by the

47 5 provisions of chapter 21.

47 6 13. Board members shall not have any direct or indirect
47 7 interest in an undertaking that puts their personal interest
47 8 in conflict with that of the authority, including, but not
47 9 limited to, an interest in a major procurement contract or a
47 10 participating retailer.

47 11 14. The members shall elect from their membership a
47 12 chairperson and vice chairperson.

47 13 15. The board of directors may delegate to the chief
47 14 executive officer of the authority such powers and duties as
47 15 it may deem proper to the extent such delegation is not
47 16 inconsistent with the Constitution of this state.

47 17 Sec. 71. NEW SECTION. 99G.9 BOARD DUTIES.

47 18 The board shall provide the chief executive officer with
47 19 private=sector perspectives of a large marketing enterprise.
47 20 The board shall do all of the following:

47 21 1. Approve, disapprove, amend, or modify the budget
47 22 recommended by the chief executive officer for the operation
47 23 of the authority.

47 24 2. Approve, disapprove, amend, or modify the terms of
47 25 major lottery procurements recommended by the chief executive
47 26 officer.

47 27 3. Adopt policies and procedures and promulgate
47 28 administrative rules pursuant to chapter 17A relating to the
47 29 management and operation of the authority. The administrative
47 30 rules promulgated pursuant to this subsection may include but
47 31 shall not be limited to the following:

47 32 a. The type of games to be conducted.

47 33 b. The sale price of tickets or shares and the manner of
47 34 sale, including but not limited to authorization of sale of
47 35 tickets or shares at a discount for marketing purposes,
48 1 provided, however, that a retailer may accept payment by cash,
48 2 check, money order, debit card, or electronic funds transfer
48 3 and shall not extend or arrange credit for the purchase of a
48 4 ticket or share. As used in this section, "cash" means United
48 5 States currency.

48 6 c. The number and amount of prizes, including but not
48 7 limited to prizes of free tickets or shares in lottery games
48 8 conducted by the authority and merchandise prizes. The
48 9 authority shall maintain and make available for public
48 10 inspection at its offices during regular business hours a
48 11 detailed listing of the estimated number of prizes of each
48 12 particular denomination that are expected to be awarded in any
48 13 game that is on sale or the estimated odds of winning the
48 14 prizes and, after the end of the claim period, shall maintain
48 15 and make available a listing of the total number of tickets or
48 16 shares sold in a game and the number of prizes of each
48 17 denomination that were awarded.

48 18 d. The method and location of selecting or validating
48 19 winning tickets or shares.

48 20 e. The manner and time of payment of prizes, which may
48 21 include lump=sum payments or installments over a period of
48 22 years.

48 23 f. The manner of payment of prizes to the holders of
48 24 winning tickets or shares after performing validation
48 25 procedures appropriate to the game and as specified by the
48 26 board.

48 27 g. The frequency of games and drawings or selection of
48 28 winning tickets or shares.

48 29 h. The means of conducting drawings, provided that
48 30 drawings shall be open to the public and witnessed by an
48 31 independent certified public accountant. Equipment used to
48 32 select winning tickets or shares or participants for prizes
48 33 shall be examined by an independent certified public
48 34 accountant prior to and after each drawing.

48 35 i. The manner and amount of compensation to lottery
49 1 retailers.

49 2 j. The engagement and compensation of audit services.

49 3 k. Any and all other matters necessary, desirable, or
49 4 convenient toward ensuring the efficient and effective
49 5 operation of lottery games, the continued entertainment and
49 6 convenience of the public, and the integrity of the lottery.

49 7 4. Adopt game specific rules. The promulgation of game
49 8 specific rules shall not be subject to the requirements of
49 9 chapter 17A. However, game specific rules shall be made
49 10 available to the public prior to the time the games go on sale
49 11 and shall be kept on file at the office of the authority.

49 12 5. Perform such other functions as specified by this
49 13 chapter.

49 14 Sec. 72. NEW SECTION. 99G.10 AUTHORITY PERSONNEL.

49 15 1. All employees of the authority shall be considered

49 16 public employees.

49 17 2. Subject to the approval of the board, the chief
49 18 executive officer shall have the sole power to designate
49 19 particular employees as key personnel, but may take advice
49 20 from the department of personnel in making any such
49 21 designations. All key personnel shall be exempt from the
49 22 merit system described in chapter 19A. The chief executive
49 23 officer and the board shall have the sole power to employ,
49 24 classify, and fix the compensation of key personnel. All
49 25 other employees shall be employed, classified, and compensated
49 26 in accordance with chapters 19A and 20.

49 27 3. The chief executive officer and the board shall have
49 28 the exclusive power to determine the number of full-time
49 29 equivalent positions, as defined in chapter 8, necessary to
49 30 carry out the provisions of this chapter.

49 31 4. The chief executive officer shall have the sole
49 32 responsibility to assign duties to all authority employees.

49 33 5. The authority may establish incentive programs for
49 34 authority employees.

49 35 6. An employee of the authority shall not have a financial
50 1 interest in any vendor doing business or proposing to do
50 2 business with the authority. However, an employee may own
50 3 shares of a mutual fund which may hold shares of a vendor
50 4 corporation provided the employee does not have the ability to
50 5 influence the investment functions of the mutual fund.

50 6 7. An employee of the authority with decision-making
50 7 authority shall not participate in any decision involving a
50 8 retailer with whom the employee has a financial interest.

50 9 8. A background investigation shall be conducted by the
50 10 department of public safety, division of criminal
50 11 investigation, on each applicant who has reached the final
50 12 selection process prior to employment by the authority. For
50 13 positions not designated as sensitive by the board, the
50 14 investigation may consist of a state criminal history
50 15 background check, work history, and financial review. The
50 16 board shall identify those sensitive positions of the
50 17 authority which require full background investigations, which
50 18 positions shall include, at a minimum, any officer of the
50 19 authority, and any employee with operational management
50 20 responsibilities, security duties, or system maintenance or
50 21 programming responsibilities related to the authority's data
50 22 processing or network hardware, software, communication, or
50 23 related systems. In addition to a work history and financial
50 24 review, a full background investigation may include a national
50 25 criminal history record check through the federal bureau of
50 26 investigation. The screening of employees through the federal
50 27 bureau of investigation shall be conducted by submission of
50 28 fingerprints through the state criminal history record
50 29 repository to the federal bureau of investigation. The
50 30 results of background investigations conducted pursuant to
50 31 this section shall not be considered public records under
50 32 chapter 22.

50 33 9. A person who has been convicted of a felony or
50 34 bookmaking or other form of illegal gambling or of a crime
50 35 involving moral turpitude shall not be employed by the
51 1 authority.

51 2 10. The authority shall bond authority employees with
51 3 access to authority funds or lottery revenue in such an amount
51 4 as provided by the board and may bond other employees as
51 5 deemed necessary.

51 6 Sec. 73. NEW SECTION. 99G.11 CONFLICTS OF INTEREST.

51 7 1. A member of the board, any officer, or other employee
51 8 of the authority shall not directly or indirectly,
51 9 individually, as a member of a partnership or other
51 10 association, or as a shareholder, director, or officer of a
51 11 corporation have an interest in a business that contracts for
51 12 the operation or marketing of the lottery as authorized by
51 13 this chapter, unless the business is controlled or operated by
51 14 a consortium of lotteries in which the authority has an
51 15 interest.

51 16 2. Notwithstanding the provisions of chapter 68B, a person
51 17 contracting or seeking to contract with the state to supply
51 18 gaming equipment or materials for use in the operation of the
51 19 lottery, an applicant for a license to sell tickets or shares
51 20 in the lottery, or a retailer shall not offer a member of the
51 21 board, any officer, or other employee of the authority, or a
51 22 member of their immediate family a gift, gratuity, or other
51 23 thing having a value of more than the limits established in
51 24 chapter 68B, other than food and beverage consumed at a meal.
51 25 For purposes of this subsection, "member of their immediate
51 26 family" means a spouse, child, stepchild, brother, brother-in-

51 27 law, stepbrother, sister, sister-in-law, stepsister, parent,
51 28 parent-in-law, or step-parent of the board member, the
51 29 officer, or other employee who resides in the same household
51 30 in the same principal residence of the board member, officer,
51 31 or other employee.

51 32 3. If a board member, officer, or other employee of the
51 33 authority violates a provision of this section, the board
51 34 member, officer, or employee shall be immediately removed from
51 35 the office or position.

52 1 4. Enforcement of this section against a board member,
52 2 officer, or other employee shall be by the attorney general
52 3 who upon finding a violation shall initiate an action to
52 4 remove the board member, officer, or employee.

52 5 5. A violation of this section is a serious misdemeanor.

52 6 Sec. 74. NEW SECTION. 99G.21 AUTHORITY POWERS, TRANSFER
52 7 OF ASSETS, LIABILITIES, AND OBLIGATIONS.

52 8 1. Funds of the state shall not be used or obligated to
52 9 pay the expenses or prizes of the authority.

52 10 2. The authority shall have any and all powers necessary
52 11 or convenient to carry out and effectuate the purposes and
52 12 provisions of this chapter which are not in conflict with the
52 13 Constitution of this state, including, but without limiting
52 14 the generality of the foregoing, the following powers:

52 15 a. To sue and be sued and to complain and defend in all
52 16 courts.

52 17 b. To adopt and alter a seal.

52 18 c. To procure or to provide insurance.

52 19 d. To hold copyrights, trademarks, and service marks and
52 20 enforce its rights with respect thereto.

52 21 e. To initiate, supervise, and administer the operation of
52 22 the lottery in accordance with the provisions of this chapter
52 23 and administrative rules, policies, and procedures adopted
52 24 pursuant thereto.

52 25 f. To enter into written agreements with one or more other
52 26 states or territories of the United States, or one or more
52 27 political subdivisions of another state or territory of the
52 28 United States, or any entity lawfully operating a lottery
52 29 outside the United States for the operation, marketing, and
52 30 promotion of a joint lottery or joint lottery game. For the
52 31 purposes of this subsection, any lottery with which the
52 32 authority reaches an agreement or compact shall meet the
52 33 criteria for security, integrity, and finance set by the
52 34 board.

52 35 g. To conduct such market research as is necessary or
53 1 appropriate, which may include an analysis of the demographic
53 2 characteristics of the players of each lottery game, and an
53 3 analysis of advertising, promotion, public relations,
53 4 incentives, and other aspects of communication.

53 5 h. Subject to the provisions of subsection 3, to acquire
53 6 or lease real property and make improvements thereon and
53 7 acquire by lease or by purchase, personal property, including,
53 8 but not limited to, computers; mechanical, electronic, and on=
53 9 line equipment and terminals; and intangible property,
53 10 including, but not limited to, computer programs, systems, and
53 11 software.

53 12 i. Subject to the provisions of subsection 3, to enter
53 13 into contracts to incur debt in its own name and enter into
53 14 financing agreements with the state, agencies or
53 15 instrumentalities of the state, or with any commercial bank or
53 16 credit provider.

53 17 j. To select and contract with vendors and retailers.

53 18 k. To enter into contracts or agreements with state or
53 19 local law enforcement agencies for the performance of law
53 20 enforcement, background investigations, and security checks.

53 21 l. To enter into contracts of any and all types on such
53 22 terms and conditions as the authority may determine necessary.

53 23 m. To establish and maintain banking relationships,
53 24 including, but not limited to, establishment of checking and
53 25 savings accounts and lines of credit.

53 26 n. To advertise and promote the lottery and lottery games.

53 27 o. To act as a retailer, to conduct promotions which
53 28 involve the dispensing of lottery tickets or shares, and to
53 29 establish and operate a sales facility to sell lottery tickets
53 30 or shares and any related merchandise.

53 31 p. Notwithstanding any other provision of law to the
53 32 contrary, to purchase meals for attendees at authority
53 33 business meetings.

53 34 q. To exercise all powers generally exercised by private
53 35 businesses engaged in entrepreneurial pursuits, unless the
54 1 exercise of such a power would violate the terms of this
54 2 chapter or of the Constitution of this state.

54 3 3. Notwithstanding any other provision of law, any
54 4 purchase of real property and any borrowing of more than one
54 5 million dollars by the authority shall require written notice
54 6 from the authority to the legislative government oversight
54 7 committees and the prior approval of the executive council.
54 8 4. The powers enumerated in this section are cumulative of
54 9 and in addition to those powers enumerated elsewhere in this
54 10 chapter and no such powers limit or restrict any other powers
54 11 of the authority.

54 12 5. Departments, boards, commissions, or other agencies of
54 13 this state shall provide reasonable assistance and services to
54 14 the authority upon the request of the chief executive officer.

54 15 Sec. 75. NEW SECTION. 99G.22 VENDOR BACKGROUND REVIEW.

54 16 1. The authority shall investigate the financial
54 17 responsibility, security, and integrity of any lottery system
54 18 vendor who is a finalist in submitting a bid, proposal, or
54 19 offer as part of a major procurement contract. Before a major
54 20 procurement contract is awarded, the division of criminal
54 21 investigation of the department of public safety shall conduct
54 22 a background investigation of the vendor to whom the contract
54 23 is to be awarded. The chief executive officer and board shall
54 24 consult with the division of criminal investigation and shall
54 25 provide for the scope of the background investigation and due
54 26 diligence to be conducted in connection with major procurement
54 27 contracts. At the time of submitting a bid, proposal, or
54 28 offer to the authority on a major procurement contract, the
54 29 authority shall require that each vendor submit to the
54 30 division of criminal investigation appropriate investigation
54 31 authorization to facilitate this investigation, together with
54 32 an advance of funds to meet the anticipated investigation
54 33 costs. If the division of criminal investigation determines
54 34 that additional funds are required to complete an
54 35 investigation, the vendor will be so advised. The background
55 1 investigation by the division of criminal investigation may
55 2 include a national criminal history record check through the
55 3 federal bureau of investigation. The screening of vendors or
55 4 their employees through the federal bureau of investigation
55 5 shall be conducted by submission of fingerprints through the
55 6 state criminal history record repository to the federal bureau
55 7 of investigation.

55 8 2. If at least twenty-five percent of the cost of a
55 9 vendor's contract is subcontracted, the vendor shall disclose
55 10 all of the information required by this section for the
55 11 subcontractor as if the subcontractor were itself a vendor.

55 12 3. A major procurement contract shall not be entered into
55 13 with any lottery system vendor who has not complied with the
55 14 disclosure requirements described in this section, and any
55 15 contract with such a vendor is voidable at the option of the
55 16 authority. Any contract with a vendor that does not comply
55 17 with the requirements for periodically updating such
55 18 disclosures during the tenure of the contract as may be
55 19 specified in such contract may be terminated by the authority.
55 20 The provisions of this section shall be construed broadly and
55 21 liberally to achieve the ends of full disclosure of all
55 22 information necessary to allow for a full and complete
55 23 evaluation by the authority of the competence, integrity,
55 24 background, and character of vendors for major procurements.

55 25 4. A major procurement contract shall not be entered into
55 26 with any vendor who has been found guilty of a felony related
55 27 to the security or integrity of the lottery in this or any
55 28 other jurisdiction.

55 29 5. A major procurement contract shall not be entered into
55 30 with any vendor if such vendor has an ownership interest in an
55 31 entity that had supplied consultation services under contract
55 32 to the authority regarding the request for proposals
55 33 pertaining to those particular goods or services.

55 34 6. If, based on the results of a background investigation,
55 35 the board determines that the best interests of the authority,
56 1 including but not limited to the authority's reputation for
56 2 integrity, would be served thereby, the board may disqualify a
56 3 potential vendor from contracting with the authority for a
56 4 major procurement contract or from acting as a subcontractor
56 5 in connection with a contract for a major procurement
56 6 contract.

56 7 Sec. 76. NEW SECTION. 99G.23 VENDOR BONDING, TAX FILING,
56 8 AND COMPETITIVE BIDDING.

56 9 1. The authority may purchase, lease, or lease-purchase
56 10 such goods or services as are necessary for effectuating the
56 11 purposes of this chapter. The authority may make procurements
56 12 that integrate functions such as lottery game design, lottery
56 13 ticket distribution to retailers, supply of goods and

56 14 services, and advertising. In all procurement decisions, the
56 15 authority shall take into account the particularly sensitive
56 16 nature of the lottery and shall act to promote and ensure
56 17 security, honesty, fairness, and integrity in the operation
56 18 and administration of the lottery and the objectives of
56 19 raising net proceeds for state programs.

56 20 2. Each vendor shall, at the execution of the contract
56 21 with the authority, post a performance bond or letter of
56 22 credit from a bank or credit provider acceptable to the
56 23 authority in an amount as deemed necessary by the authority
56 24 for that particular bid or contract.

56 25 3. Each vendor shall be qualified to do business in this
56 26 state and shall file appropriate tax returns as provided by
56 27 the laws of this state.

56 28 4. All major procurement contracts must be competitively
56 29 bid pursuant to policies and procedures approved by the board
56 30 unless there is only one qualified vendor and that vendor has
56 31 an exclusive right to offer the service or product.

56 32 Sec. 77. NEW SECTION. 99G.24 RETAILER COMPENSATION ==
56 33 LICENSING.

56 34 1. The general assembly recognizes that to conduct a
56 35 successful lottery, the authority must develop and maintain a
57 1 statewide network of lottery retailers that will serve the
57 2 public convenience and promote the sale of tickets or shares
57 3 and the playing of lottery games while ensuring the integrity
57 4 of the lottery operations, games, and activities.

57 5 2. The board shall determine the compensation to be paid
57 6 to licensed retailers. Compensation may include provision for
57 7 variable payments based on sales volume or incentive
57 8 considerations.

57 9 3. The authority shall issue a license certificate to each
57 10 person with whom it contracts as a retailer for purposes of
57 11 display as provided in this section. Every lottery retailer
57 12 shall post its license certificate, or a facsimile thereof,
57 13 and keep it conspicuously displayed in a location on the
57 14 premises accessible to the public. No license shall be
57 15 assignable or transferable. Once issued, a license shall
57 16 remain in effect until canceled, suspended, or terminated by
57 17 the authority.

57 18 4. A licensee shall cooperate with the authority by using
57 19 point-of-purchase materials, posters, and other marketing
57 20 material when requested to do so by the authority. Lack of
57 21 cooperation is sufficient cause for revocation of a retailer's
57 22 license.

57 23 5. The board shall develop a list of objective criteria
57 24 upon which the qualification of lottery retailers shall be
57 25 based. Separate criteria shall be developed to govern the
57 26 selection of retailers of instant tickets and online
57 27 retailers. In developing these criteria, the board shall
57 28 consider such factors as the applicant's financial
57 29 responsibility, security of the applicant's place of business
57 30 or activity, accessibility to the public, integrity, and
57 31 reputation. The criteria shall include but not be limited to
57 32 the volume of expected sales and the sufficiency of existing
57 33 licensees to serve the public convenience.

57 34 6. The applicant shall be current in filing all applicable
57 35 tax returns to the state of Iowa and in payment of all taxes,
58 1 interest, and penalties owed to the state of Iowa, excluding
58 2 items under formal appeal pursuant to applicable statutes.
58 3 The department of revenue and finance is authorized and
58 4 directed to provide this information to the authority.

58 5 7. A person, partnership, unincorporated association,
58 6 authority, or other business entity shall not be selected as a
58 7 lottery retailer if the person or entity meets any of the
58 8 following conditions:

58 9 a. Has been convicted of a criminal offense related to the
58 10 security or integrity of the lottery in this or any other
58 11 jurisdiction.

58 12 b. Has been convicted of any illegal gambling activity,
58 13 false statements, perjury, fraud, or a felony in this or any
58 14 other jurisdiction.

58 15 c. Has been found to have violated the provisions of this
58 16 chapter or any regulation, policy, or procedure of the
58 17 authority or of the lottery division unless either ten years
58 18 have passed since the violation or the board finds the
58 19 violation both minor and unintentional in nature.

58 20 d. Is a vendor or any employee or agent of any vendor
58 21 doing business with the authority.

58 22 e. Resides in the same household as an officer of the
58 23 authority.

58 24 f. Is less than eighteen years of age.

58 25 g. Does not demonstrate financial responsibility
58 26 sufficient to adequately meet the requirements of the proposed
58 27 enterprise.
58 28 h. Has not demonstrated that the applicant is the true
58 29 owner of the business proposed to be licensed and that all
58 30 persons holding at least a ten percent ownership interest in
58 31 the applicant's business have been disclosed.
58 32 i. Has knowingly made a false statement of material fact
58 33 to the authority.
58 34 8. Persons applying to become lottery retailers may be
58 35 charged a uniform application fee for each lottery outlet.
59 1 9. Any lottery retailer contract executed pursuant to this
59 2 section may, for good cause, be suspended, revoked, or
59 3 terminated by the chief executive officer or the chief
59 4 executive officer's designee if the retailer is found to have
59 5 violated any provision of this chapter or objective criteria
59 6 established by the board. Cause for suspension, revocation,
59 7 or termination may include, but is not limited to, sale of
59 8 tickets or shares to a person under the age of twenty-one and
59 9 failure to pay for lottery products in a timely manner.
59 10 Sec. 78. NEW SECTION. 99G.25 LICENSE NOT ASSIGNABLE.
59 11 Any lottery retailer license certificate or contract shall
59 12 not be transferable or assignable. The authority may issue a
59 13 temporary license when deemed in the best interests of the
59 14 state. A lottery retailer shall not contract with any person
59 15 for lottery goods or services, except with the approval of the
59 16 board.
59 17 Sec. 79. NEW SECTION. 99G.26 RETAILER BONDING.
59 18 The authority may require any retailer to post an
59 19 appropriate bond, as determined by the authority, using a cash
59 20 bond or an insurance company acceptable to the authority.
59 21 Sec. 80. NEW SECTION. 99G.27 LOTTERY RETAIL LICENSES ==
59 22 CANCELLATION, SUSPENSION, REVOCATION, OR TERMINATION.
59 23 1. A lottery retail license issued by the authority
59 24 pursuant to this chapter may be canceled, suspended, revoked,
59 25 or terminated by the authority, for reasons including, but not
59 26 limited to, any of the following:
59 27 a. A violation of this chapter, a regulation, or a policy
59 28 or procedure of the authority.
59 29 b. Failure to accurately or timely account or pay for
59 30 lottery products, lottery games, revenues, or prizes as
59 31 required by the authority.
59 32 c. Commission of any fraud, deceit, or misrepresentation.
59 33 d. Insufficient sales.
59 34 e. Conduct prejudicial to public confidence in the
59 35 lottery.
60 1 f. The retailer filing for or being placed in bankruptcy
60 2 or receivership.
60 3 g. Any material change as determined in the sole
60 4 discretion of the authority in any matter considered by the
60 5 authority in executing the contract with the retailer.
60 6 h. Failure to meet any of the objective criteria
60 7 established by the authority pursuant to this chapter.
60 8 i. Other conduct likely to result in injury to the
60 9 property, revenue, or reputation of the authority.
60 10 2. A lottery retailer license may be temporarily suspended
60 11 by the authority without prior notice if the chief executive
60 12 officer or designee determines that further sales by the
60 13 licensed retailer are likely to result in immediate injury to
60 14 the property, revenue, or reputation of the authority.
60 15 3. The board shall adopt administrative rules governing
60 16 appeals of lottery retailer licensing disputes.
60 17 Sec. 81. NEW SECTION. 99G.28 PROCEEDS HELD IN TRUST.
60 18 All proceeds from the sale of the lottery tickets or shares
60 19 shall constitute a trust fund until paid to the authority
60 20 directly, through electronic funds transfer to the authority,
60 21 or through the authority's authorized collection
60 22 representative. A lottery retailer and officers of a lottery
60 23 retailer's business shall have a fiduciary duty to preserve
60 24 and account for lottery proceeds and lottery retailers shall
60 25 be personally liable for all proceeds. Proceeds shall include
60 26 unsold products received but not paid for by a lottery
60 27 retailer and cash proceeds of the sale of any lottery products
60 28 net of allowable sales commissions and credit for lottery
60 29 prizes paid to winners by lottery retailers. Sales proceeds
60 30 of pull-tab tickets shall include the sales price of the
60 31 lottery product net of allowable sales commission and prizes
60 32 contained in the product. Sales proceeds and unused instant
60 33 tickets shall be delivered to the authority or its authorized
60 34 collection representative upon demand.
60 35 Sec. 82. NEW SECTION. 99G.29 RETAILER RENTAL

61 1 CALCULATIONS == LOTTERY TICKET SALES TREATMENT.

61 2 If a lottery retailer's rental payments for the business
61 3 premises are contractually computed, in whole or in part, on
61 4 the basis of a percentage of retail sales and such computation
61 5 of retail sales is not explicitly defined to include sales of
61 6 tickets or shares in a state-operated or state-managed
61 7 lottery, only the compensation received by the lottery
61 8 retailer from the authority may be considered the amount of
61 9 the lottery retail sale for purposes of computing the rental
61 10 payment.

61 11 Sec. 83. NEW SECTION. 99G.30 TICKET SALES REQUIREMENTS
61 12 == PENALTIES.

61 13 1. Lottery tickets or shares may be distributed by the
61 14 authority for promotional purposes.

61 15 2. A ticket or share shall not be sold at a price other
61 16 than that fixed by the authority and a sale shall not be made
61 17 other than by a retailer or an employee of the retailer who is
61 18 authorized by the retailer to sell tickets or shares. A
61 19 person who violates a provision of this subsection is guilty
61 20 of a simple misdemeanor.

61 21 3. A ticket or share shall not be sold to a person who has
61 22 not reached the age of twenty-one. Any person who knowingly
61 23 sells a lottery ticket or share to a person under the age of
61 24 twenty-one shall be guilty of a simple misdemeanor. It shall
61 25 be an affirmative defense to a charge of a violation under
61 26 this section that the retailer reasonably and in good faith
61 27 relied upon presentation of proof of age in making the sale.
61 28 A prize won by a person who has not reached the age of twenty=
61 29 one but who purchases a winning ticket or share in violation
61 30 of this subsection shall be forfeited. This section does not
61 31 prohibit the lawful purchase of a ticket or share for the
61 32 purpose of making a gift to a person who has not reached the
61 33 age of twenty-one. The board shall adopt administrative rules
61 34 governing the payment of prizes to persons who have not
61 35 reached the age of twenty-one.

62 1 4. Except for the authority, a retailer shall only sell
62 2 lottery products on the licensed premises and not through the
62 3 mail or by technological means except as the authority may
62 4 provide or authorize.

62 5 5. The retailer may accept payment by cash, check, money
62 6 order, debit card, or electronic funds transfer. The retailer
62 7 shall not extend or arrange credit for the purchase of a
62 8 ticket or share. As used in this subsection, "cash" means
62 9 United States currency.

62 10 6. Nothing in this chapter shall be construed to prohibit
62 11 the authority from designating certain of its agents and
62 12 employees to sell or give lottery tickets or shares directly
62 13 to the public.

62 14 7. No elected official's name shall be printed on tickets.

62 15 Sec. 84. NEW SECTION. 99G.31 PRIZES.

62 16 1. The chief executive officer shall award the designated
62 17 prize to the ticket or shareholder upon presentation of the
62 18 winning ticket or confirmation of a winning share. The prize
62 19 shall be given to only one person; however, a prize shall be
62 20 divided between holders of winning tickets if there is more
62 21 than one winning ticket.

62 22 2. The authority shall adopt administrative rules,
62 23 policies, and procedures to establish a system of verifying
62 24 the validity of tickets or shares claimed to win prizes and to
62 25 effect payment of such prizes, subject to the following
62 26 requirements:

62 27 a. The prize shall be given to the person who presents a
62 28 winning ticket. A prize may be given to only one person per
62 29 winning ticket. However, a prize shall be divided between
62 30 holders of winning tickets if there is more than one winning
62 31 ticket. Payment of a prize may be made to the estate of a
62 32 deceased prize winner or to another person pursuant to an
62 33 appropriate judicial order issued by an Iowa court of
62 34 competent jurisdiction.

62 35 b. A prize shall not be paid arising from claimed tickets
63 1 that are stolen, counterfeit, altered, fraudulent, unissued,
63 2 produced or issued in error, unreadable, not received, or not
63 3 recorded by the authority within applicable deadlines; lacking
63 4 in captions that conform and agree with the play symbols as
63 5 appropriate to the particular lottery game involved; or not in
63 6 compliance with such additional specific administrative rules,
63 7 policies, and public or confidential validation and security
63 8 tests of the authority appropriate to the particular lottery
63 9 game involved.

63 10 c. No particular prize in any lottery game shall be paid
63 11 more than once, and in the event of a determination that more

63 12 than one claimant is entitled to a particular prize, the sole
63 13 remedy of such claimants is the award to each of them of an
63 14 equal share in the prize.
63 15 d. Unclaimed prize money for the prize on a winning ticket
63 16 or share shall be retained for a period deemed appropriate by
63 17 the chief executive officer, subject to approval by the board.
63 18 If a valid claim is not made for the money within the
63 19 applicable period, the unclaimed prize money shall be added to
63 20 the pool from which future prizes are to be awarded or used
63 21 for special prize promotions. Notwithstanding this
63 22 subsection, the disposition of unclaimed prize money from
63 23 multijurisdictional games shall be made in accordance with the
63 24 rules of the multijurisdictional game.

63 25 e. No prize shall be paid upon a ticket or share purchased
63 26 or sold in violation of this chapter. Any such prize shall
63 27 constitute an unclaimed prize for purposes of this section.

63 28 f. The authority is discharged of all liability upon
63 29 payment of a prize pursuant to this section.

63 30 g. No ticket or share issued by the authority shall be
63 31 purchased by and no prize shall be paid to any member of the
63 32 board of directors; any officer or employee of the authority;
63 33 or to any spouse, child, brother, sister, or parent residing
63 34 as a member of the same household in the principal place of
63 35 residence of any such person.

64 1 h. No ticket or share issued by the authority shall be
64 2 purchased by and no prize shall be paid to any officer,
64 3 employee, agent, or subcontractor of any vendor or to any
64 4 spouse, child, brother, sister, or parent residing as a member
64 5 of the same household in the principal place of residence of
64 6 any such person if such officer, employee, agent, or
64 7 subcontractor has access to confidential information which may
64 8 compromise the integrity of the lottery.

64 9 i. The proceeds of any lottery prize shall be subject to
64 10 state and federal income tax laws. An amount deducted from
64 11 the prize for payment of a state tax, pursuant to section
64 12 422.16, subsection 1, shall be transferred by the authority to
64 13 the department of revenue and finance on behalf of the prize
64 14 winner.

64 15 Sec. 85. NEW SECTION. 99G.32 AUTHORITY LEGAL
64 16 REPRESENTATION.

64 17 The authority shall retain the services of legal counsel to
64 18 advise the authority and the board and to provide
64 19 representation in legal proceedings. The authority may retain
64 20 the attorney general or a full-time assistant attorney general
64 21 in that capacity and provide reimbursement for the cost of
64 22 advising and representing the board and the authority.

64 23 Sec. 86. NEW SECTION. 99G.33 LAW ENFORCEMENT
64 24 INVESTIGATIONS.

64 25 The department of public safety, division of criminal
64 26 investigation, shall be the primary state agency responsible
64 27 for investigating criminal violations under this chapter. The
64 28 chief executive officer shall contract with the department of
64 29 public safety for investigative services, including the
64 30 employment of special agents and support personnel, and
64 31 procurement of necessary equipment to carry out the
64 32 responsibilities of the division of criminal investigation
64 33 under the terms of the agreement and this chapter.

64 34 Sec. 87. NEW SECTION. 99G.34 OPEN RECORDS == EXCEPTIONS.

64 35 The records of the authority shall be governed by the
65 1 provisions of chapter 22, provided that, in addition to
65 2 records that may be kept confidential pursuant to section
65 3 22.7, the following records shall be kept confidential, unless
65 4 otherwise ordered by a court, by the lawful custodian of the
65 5 records, or by another person duly authorized to release such
65 6 information:

65 7 1. Marketing plans, research data, and proprietary
65 8 intellectual property owned or held by the authority under
65 9 contractual agreements.

65 10 2. Personnel, vendor, and player social security or tax
65 11 identification numbers.

65 12 3. Computer system hardware, software, functional and
65 13 system specifications, and game play data files.

65 14 4. Security records pertaining to investigations and
65 15 intelligence-sharing information between lottery security
65 16 officers and those of other lotteries and law enforcement
65 17 agencies, the security portions or segments of lottery
65 18 requests for proposals, proposals by vendors to conduct
65 19 lottery operations, and records of the security division of
65 20 the authority pertaining to game security data, ticket
65 21 validation tests, and processes.

65 22 5. Player name and address lists, provided that the names

65 23 and addresses of prize winners shall not be withheld.

65 24 6. Operational security measures, systems, or procedures
65 25 and building plans.

65 26 7. Security reports and other information concerning bids
65 27 or other contractual data, the disclosure of which would
65 28 impair the efforts of the authority to contract for goods or
65 29 services on favorable terms.

65 30 8. Information that is otherwise confidential obtained
65 31 pursuant to investigations.

65 32 Sec. 88. NEW SECTION. 99G.35 SECURITY.

65 33 1. The authority's chief security officer and
65 34 investigators shall be qualified by training and experience in
65 35 law enforcement to perform their respective duties in support
66 1 of the activities of the security office. The chief security
66 2 officer and investigators shall not have sworn peace officer
66 3 status. The lottery security office shall perform all of the
66 4 following activities in support of the authority mission:

66 5 a. Supervise ticket or share validation and lottery
66 6 drawings, provided that the authority may enter into
66 7 cooperative agreements with multijurisdictional lottery
66 8 administrators for shared security services at drawings and
66 9 game show events involving more than one participating
66 10 lottery.

66 11 b. Inspect at times determined solely by the authority the
66 12 facilities of any vendor or lottery retailer in order to
66 13 determine the integrity of the vendor's product or the
66 14 operations of the retailer in order to determine whether the
66 15 vendor or the retailer is in compliance with its contract.

66 16 c. Report any suspected violations of this chapter to the
66 17 appropriate county attorney or the attorney general and to any
66 18 law enforcement agencies having jurisdiction over the
66 19 violation.

66 20 d. Upon request, provide assistance to any county
66 21 attorney, the attorney general, the department of public
66 22 safety, or any other law enforcement agency.

66 23 e. Upon request, provide assistance to retailers in
66 24 meeting their licensing contract requirements and in detecting
66 25 retailer employee theft.

66 26 f. Monitor authority operations for compliance with
66 27 internal security requirements.

66 28 g. Provide physical security at the authority's central
66 29 operations facilities.

66 30 h. Conduct on-press product production surveillance,
66 31 testing, and quality approval for printed scratch and pull-tab
66 32 tickets.

66 33 i. Coordinate employee and retailer background
66 34 investigations conducted by the department of public safety,
66 35 division of criminal investigation.

67 1 2. The authority may enter into intelligence-sharing,
67 2 reciprocal use, or restricted use agreements with the federal
67 3 government, law enforcement agencies, lottery regulation
67 4 agencies, and gaming enforcement agencies of other
67 5 jurisdictions which provide for and regulate the use of
67 6 information provided and received pursuant to the agreement.

67 7 3. Records, documents, and information in the possession
67 8 of the authority received pursuant to an intelligence-sharing,
67 9 reciprocal use, or restricted use agreement entered into by
67 10 the authority with a federal department or agency, any law
67 11 enforcement agency, or the lottery regulation or gaming
67 12 enforcement agency of any jurisdiction shall be considered
67 13 investigative records of a law enforcement agency and are not
67 14 subject to chapter 22 and shall not be released under any
67 15 condition without the permission of the person or agency
67 16 providing the record or information.

67 17 Sec. 89. NEW SECTION. 99G.36 FORGERY == FRAUD ==
67 18 PENALTIES.

67 19 1. A person who, with intent to defraud, falsely makes,
67 20 alters, forges, utters, passes, redeems, or counterfeits a
67 21 lottery ticket or share or attempts to falsely make, alter,
67 22 forge, utter, pass, redeem, or counterfeit a lottery ticket or
67 23 share, or commits theft or attempts to commit theft of a
67 24 lottery ticket or share, is guilty of a class "D" felony.

67 25 2. Any person who influences or attempts to influence the
67 26 winning of a prize through the use of coercion, fraud,
67 27 deception, or tampering with lottery equipment or materials
67 28 shall be guilty of a class "D" felony.

67 29 3. No person shall knowingly or intentionally make a
67 30 material false statement in any application for a license or
67 31 proposal to conduct lottery activities or make a material
67 32 false entry in any book or record which is compiled or
67 33 maintained or submitted to the board pursuant to the

67 34 provisions of this chapter. Any person who violates the
67 35 provisions of this section shall be guilty of a class "D"
68 1 felony.

68 2 Sec. 90. NEW SECTION. 99G.37 COMPETITIVE BIDDING.

68 3 1. The authority shall enter into a major procurement
68 4 contract pursuant to competitive bidding. The requirement for
68 5 competitive bidding does not apply in the case of a single
68 6 vendor having exclusive rights to offer a particular service
68 7 or product. The board shall adopt procedures for competitive
68 8 bidding. Procedures adopted by the board shall be designed to
68 9 allow the selection of proposals that provide the greatest
68 10 long-term benefit to the state, the greatest integrity for the
68 11 authority, and the best service and products for the public.

68 12 2. In any bidding process, the authority may administer
68 13 its own bidding and procurement or may utilize the services of
68 14 the department of general services, or its successor, or other
68 15 state agency.

68 16 Sec. 91. NEW SECTION. 99G.38 AUTHORITY FINANCE == SELF=
68 17 SUSTAINING.

68 18 1. The authority may borrow, or accept and expend, in
68 19 accordance with the provisions of this chapter, such moneys as
68 20 may be received from any source, including income from the
68 21 authority's operations, for effectuating its business
68 22 purposes, including the payment of the initial expenses of
68 23 initiation, administration, and operation of the authority and
68 24 the lottery.

68 25 2. The authority shall be self-sustaining and self-funded.
68 26 Moneys in the general fund of the state shall not be used or
68 27 obligated to pay the expenses of the authority or prizes of
68 28 the lottery, and no claim for the payment of an expense of the
68 29 lottery or prizes of the lottery may be made against any
68 30 moneys other than moneys credited to the authority operating
68 31 account.

68 32 3. The state of Iowa offset program, as provided in
68 33 section 421.17, shall be available to the authority to
68 34 facilitate receipt of funds owed to the authority.

68 35 Sec. 92. NEW SECTION. 99G.39 ALLOCATION, APPROPRIATION,
69 1 TRANSFER, AND REPORTING OF FUNDS.

69 2 1. Upon receipt of any revenue, the chief executive
69 3 officer shall deposit the moneys in the lottery fund created
69 4 pursuant to section 99G.40. At least fifty percent of the
69 5 projected annual revenue accruing from the sale of tickets or
69 6 shares shall be allocated for payment of prizes to the holders
69 7 of winning tickets. After the payment of prizes, the
69 8 following shall be deducted from the authority's revenue prior
69 9 to disbursement:

69 10 a. An amount equal to three-tenths of one percent of the
69 11 gross lottery revenue for the year shall be deposited in a
69 12 gambling treatment fund in the office of the treasurer of
69 13 state.

69 14 b. The expenses of conducting the lottery. Expenses for
69 15 advertising production and media purchases shall not exceed
69 16 four percent of the authority's gross revenue for the year.

69 17 2. The director of management shall not include lottery
69 18 revenues in the director's fiscal year revenue estimates.

69 19 3. a. Notwithstanding subsection 1, if gaming revenues
69 20 under sections 99D.17 and 99F.11 are insufficient in a fiscal
69 21 year to meet the total amount of such revenues directed to be
69 22 deposited in the vision Iowa fund and the school
69 23 infrastructure fund during the fiscal year pursuant to section
69 24 8.57, subsection 5, paragraph "e", the difference shall be
69 25 paid from lottery revenues prior to deposit of the lottery
69 26 revenues in the general fund. If lottery revenues are
69 27 insufficient during the fiscal year to pay the difference, the
69 28 remaining difference shall be paid from lottery revenues in
69 29 subsequent fiscal years as such revenues become available.

69 30 b. The treasurer of state shall, each quarter, prepare an
69 31 estimate of the gaming revenues and lottery revenues that will
69 32 become available during the remainder of the appropriate
69 33 fiscal year for the purposes described in paragraph "a". The
69 34 department of management and the department of revenue and
69 35 finance shall take appropriate actions to provide that the
70 1 amount of gaming revenues and lottery revenues that will be
70 2 available during the remainder of the appropriate fiscal year
70 3 is sufficient to cover any anticipated deficiencies.

70 4 Sec. 93. NEW SECTION. 99G.40 AUDITS AND REPORTS ==
70 5 LOTTERY FUND.

70 6 1. To ensure the financial integrity of the lottery, the
70 7 authority shall do all of the following:

70 8 a. Submit quarterly and annual reports to the governor,
70 9 state auditor, and the general assembly disclosing the total

70 10 lottery revenues, prize disbursements, and other expenses of
70 11 the authority during the reporting period. The fourth quarter
70 12 report shall be included in the annual report made pursuant to
70 13 this section. The annual report shall include a complete
70 14 statement of lottery revenues, prize disbursements, and other
70 15 expenses, and recommendations for changes in the law that the
70 16 chief executive officer deems necessary or desirable. The
70 17 annual report shall be submitted within one hundred twenty
70 18 days after the close of the fiscal year. The chief executive
70 19 officer shall report immediately to the governor, the
70 20 treasurer of state, and the general assembly any matters that
70 21 require immediate changes in the law in order to prevent
70 22 abuses or evasions of this chapter or rules adopted or to
70 23 rectify undesirable conditions in connection with the
70 24 administration or operation of the lottery.

70 25 b. Maintain weekly or more frequent records of lottery
70 26 transactions, including the distribution of tickets or shares
70 27 to retailers, revenues received, claims for prizes, prizes
70 28 paid, prizes forfeited, and other financial transactions of
70 29 the authority.

70 30 c. The authority shall deposit in the lottery fund created
70 31 in subsection 2 any moneys received by retailers from the sale
70 32 of tickets or shares less the amount of any compensation due
70 33 the retailers. The chief executive officer may require
70 34 licensees to file with the authority reports of receipts and
70 35 transactions in the sale of tickets or shares. The reports
71 1 shall be in the form and contain the information the chief
71 2 executive officer requires.

71 3 2. A lottery fund is created in the office of the
71 4 treasurer of state and shall exist as the recipient fund for
71 5 authority receipts. The fund consists of all revenues
71 6 received from the sale of lottery tickets or shares and all
71 7 other moneys lawfully credited or transferred to the fund.
71 8 The chief executive officer shall certify quarterly that
71 9 portion of the fund that has been transferred to the general
71 10 fund of the state under this chapter and shall cause that
71 11 portion to be transferred to the general fund of the state.
71 12 However, upon the request of the chief executive officer and
71 13 subject to the approval by the treasurer of state, an amount
71 14 sufficient to cover the foreseeable administrative expenses of
71 15 the lottery for a period of twenty-one days may be retained
71 16 from the lottery fund. Prior to the quarterly transfer to the
71 17 general fund of the state, the chief executive officer may
71 18 direct that lottery revenue shall be deposited in the lottery
71 19 fund and in interest-bearing accounts designated by the
71 20 treasurer of state. Interest or earnings paid on the deposits
71 21 or investments is considered lottery revenue and shall be
71 22 transferred to the general fund of the state in the same
71 23 manner as other lottery revenue.

71 24 3. The chief executive officer shall certify before the
71 25 last day of the month following each quarter that portion of
71 26 the lottery fund resulting from the previous quarter's sales
71 27 to be transferred to the general fund of the state.

71 28 4. For informational purposes only, the chief executive
71 29 officer shall submit to the department of management by
71 30 October 1 of each year a proposed operating budget for the
71 31 authority for the succeeding fiscal year. This budget
71 32 proposal shall also be accompanied by an estimate of the net
71 33 proceeds to be deposited into the general fund during the
71 34 succeeding fiscal year. This budget shall be on forms
71 35 prescribed by the department of management.

72 1 5. The authority shall adopt the same fiscal year as that
72 2 used by state government and shall be audited annually.

72 3 Sec. 94. NEW SECTION. 99G.41 PRIZE OFFSETS ==
72 4 GARNISHMENTS.

72 5 1. Any claimant agency may submit to the authority a list
72 6 of the names of all persons indebted to such claimant agency
72 7 or to persons on whose behalf the claimant agency is acting.
72 8 The full amount of the debt shall be collectable from any
72 9 lottery winnings due the debtor without regard to limitations
72 10 on the amounts that may be collectable in increments through
72 11 garnishment or other proceedings. Such list shall constitute
72 12 a valid lien upon and claim of lien against the lottery
72 13 winnings of any debtor named in such list. The list shall
72 14 contain the names of the debtors, their social security
72 15 numbers if available, and any other information that assists
72 16 the authority in identifying the debtors named in the list.

72 17 2. The authority is authorized and directed to withhold
72 18 any winnings paid out directly by the authority subject to the
72 19 lien created by this section and send notice to the winner.
72 20 However, if the winner appears and claims winnings in person,

72 21 the authority shall notify the winner at that time by hand
72 22 delivery of such action. The authority shall pay the funds
72 23 over to the agency administering the offset program.

72 24 3. Notwithstanding the provisions of section 99G.34 which
72 25 prohibit disclosure by the authority of certain portions of
72 26 the contents of prize winner records or information, and
72 27 notwithstanding any other confidentiality statute, the
72 28 authority may provide to a claimant agency all information
72 29 necessary to accomplish and effectuate the intent of this
72 30 section.

72 31 4. The information obtained by a claimant agency from the
72 32 authority in accordance with this section shall retain its
72 33 confidentiality and shall only be used by a claimant agency in
72 34 the pursuit of its debt collection duties and practices. Any
72 35 employee or prior employee of any claimant agency who
73 1 unlawfully discloses any such information for any other
73 2 purpose, except as otherwise specifically authorized by law,
73 3 shall be subject to the same penalties specified by law for
73 4 unauthorized disclosure of confidential information by an
73 5 agent or employee of the authority.

73 6 5. Except as otherwise provided in this chapter,
73 7 attachments, garnishments, or executions authorized and issued
73 8 pursuant to law shall be withheld if timely served upon the
73 9 authority.

73 10 6. The provisions of this section shall only apply to
73 11 prizes paid directly by the authority and shall not apply to
73 12 any retailers authorized by the board to pay prizes of up to
73 13 six hundred dollars after deducting the price of the ticket or
73 14 share.

73 15 Sec. 95. NEW SECTION. 99G.42 COMPULSIVE GAMBLERS ==
73 16 PRINTING ON TICKETS == INFORMATION AT RETAIL OUTLETS.

73 17 The authority shall cooperate with the gambling treatment
73 18 program administered by the Iowa department of public health
73 19 to incorporate information regarding the gambling treatment
73 20 program and its toll-free telephone number in printed
73 21 materials distributed by the authority.

73 22 Sec. 96. Section 7E.5, subsection 1, paragraph d, Code
73 23 2003, is amended to read as follows:

73 24 d. The department of revenue and finance, created in
73 25 section 421.2, which has primary responsibility for revenue
73 26 collection and revenue law compliance, and financial
73 27 management and assistance, ~~and the Iowa lottery.~~

73 28 Sec. 97. Section 7E.6, subsection 3, Code 2003, is amended
73 29 to read as follows:

73 30 3. Any position of membership on the ~~lottery~~ board of the
73 31 Iowa lottery authority shall receive compensation of fifty
73 32 dollars per day and expenses.

73 33 Sec. 98. Section 8.22A, subsection 5, paragraph a, Code
73 34 2003, is amended to read as follows:

73 35 a. The amount of lottery revenues for the following fiscal
74 1 year to be available for disbursement following the deductions
74 2 made pursuant to section ~~99E.10~~ 99G.39, subsection 1.

74 3 Sec. 99. Section 8.57, subsection 5, paragraph e,
74 4 unnumbered paragraph 2, Code 2003, is amended to read as
74 5 follows:

74 6 If the total amount of moneys directed to be deposited in
74 7 the general fund of the state under sections 99D.17 and 99F.11
74 8 in a fiscal year is less than the total amount of moneys
74 9 directed to be deposited in the vision Iowa fund and the
74 10 school infrastructure fund in the fiscal year pursuant to this
74 11 paragraph "e", the difference shall be paid from lottery
74 12 revenues in the manner provided in section ~~99E.10~~ 99G.39,
74 13 subsection 3.

74 14 Sec. 100. Section 68B.35, subsection 2, paragraph e, Code
74 15 2003, is amended to read as follows:

74 16 e. Members of the banking board, the ethics and campaign
74 17 disclosure board, the credit union review board, the economic
74 18 development board, the employment appeal board, the
74 19 environmental protection commission, the health facilities
74 20 council, the Iowa finance authority, the Iowa public
74 21 employees' retirement system investment board, the ~~lottery~~
74 22 board of the Iowa lottery authority, the natural resource
74 23 commission, the board of parole, the petroleum underground
74 24 storage tank fund board, the public employment relations
74 25 board, the state racing and gaming commission, the state board
74 26 of regents, the tax review board, the transportation
74 27 commission, the office of consumer advocate, the utilities
74 28 board, the Iowa telecommunications and technology commission,
74 29 and any full-time members of other boards and commissions as
74 30 defined under section 7E.4 who receive an annual salary for
74 31 their service on the board or commission.

74 32 Sec. 101. Section 99A.10, Code 2003, is amended to read as
74 33 follows:

74 34 99A.10 MANUFACTURE AND DISTRIBUTION OF GAMBLING DEVICES
74 35 PERMITTED.

75 1 A person may manufacture or act as a distributor for
75 2 gambling devices for sale out of the state in another
75 3 jurisdiction where possession of the device is legal or for
75 4 sale in the state or use in the state if the use is permitted
75 5 pursuant to either chapter 99B or chapter ~~99E~~ 99G.

75 6 Sec. 102. Section 99B.1, subsection 17, Code 2003, is
75 7 amended to read as follows:

75 8 17. "Merchandise" includes lottery tickets or shares sold
75 9 or authorized under chapter ~~99E~~ 99G. The value of the ticket
75 10 or share is the price of the ticket or share as established by
75 11 the lottery division of the department of revenue and finance
75 12 pursuant to chapter ~~99E~~ 99G.

75 13 Sec. 103. Section 99B.6, subsection 5, Code 2003, is
75 14 amended to read as follows:

75 15 5. Lottery tickets or shares authorized pursuant to
75 16 chapter ~~99E~~ 99G may be sold on the premises of an
75 17 establishment that serves or sells alcoholic beverages, wine,
75 18 or beer as defined in section 123.3.

75 19 Sec. 104. Section 99B.7, subsection 1, paragraph 1,
75 20 subparagraph (1), Code 2003, is amended to read as follows:

75 21 (1) No other gambling is engaged in at the same location,
75 22 except that lottery tickets or shares issued by the lottery
75 23 division of the department of revenue and finance may be sold
75 24 pursuant to chapter ~~99E~~ 99G.

75 25 Sec. 105. Section 99B.15, Code 2003, is amended to read as
75 26 follows:

75 27 99B.15 APPLICABILITY OF CHAPTER == PENALTY.

75 28 It is the intent and purpose of this chapter to authorize
75 29 gambling in this state only to the extent specifically
75 30 permitted by a section of this chapter or chapter 99D, ~~99E~~, or
75 31 ~~99F~~, or 99G. Except as otherwise provided in this chapter,
75 32 the knowing failure of any person to comply with the
75 33 limitations imposed by this chapter constitutes unlawful
75 34 gambling, a serious misdemeanor.

75 35 Sec. 106. Section 99F.2, Code 2003, is amended to read as
76 1 follows:

76 2 99F.2 SCOPE OF PROVISIONS.

76 3 This chapter does not apply to the pari-mutuel system of
76 4 wagering used or intended to be used in connection with the
76 5 horse-race or dog-race meetings as authorized under chapter
76 6 99D, lottery or lotto games authorized under chapter ~~99E~~ 99G,
76 7 or bingo or games of skill or chance authorized under chapter
76 8 99B.

76 9 Sec. 107. Section 99F.11, subsection 3, Code 2003, is
76 10 amended to read as follows:

76 11 3. Three-tenths of one percent of the adjusted gross
76 12 receipts shall be deposited in the gambling treatment fund
76 13 specified in section ~~99E.10~~ 99G.39, subsection 1, paragraph
76 14 "a".

76 15 Sec. 108. Section 123.49, subsection 2, paragraph a, Code
76 16 2003, is amended to read as follows:

76 17 a. Knowingly permit any gambling, except in accordance
76 18 with chapter 99B, 99D, ~~99E~~, or 99F, or 99G, or knowingly
76 19 permit solicitation for immoral purposes, or immoral or
76 20 disorderly conduct on the premises covered by the license or
76 21 permit.

76 22 Sec. 109. Section 321.19, subsection 1, unnumbered
76 23 paragraph 2, Code 2003, is amended to read as follows:

76 24 The department shall furnish, on application, free of
76 25 charge, distinguishing plates for vehicles thus exempted,
76 26 which plates except plates on Iowa state patrol vehicles shall
76 27 bear the word "official" and the department shall keep a
76 28 separate record. Registration plates issued for Iowa state
76 29 patrol vehicles, except unmarked patrol vehicles, shall bear
76 30 two red stars on a yellow background, one before and one
76 31 following the registration number on the plate, which
76 32 registration number shall be the officer's badge number.
76 33 Registration plates issued for county sheriff's patrol
76 34 vehicles shall display one seven-pointed gold star followed by
76 35 the letter "S" and the call number of the vehicle. However,

77 1 the director of general services or the director of
77 2 transportation may order the issuance of regular registration
77 3 plates for any exempted vehicle used by peace officers in the
77 4 enforcement of the law, persons enforcing chapter 124 and
77 5 other laws relating to controlled substances, persons in the
77 6 department of justice, the alcoholic beverages division of the
77 7 department of commerce, disease investigators of the Iowa

77 8 department of public health, the department of inspections and
77 9 appeals, and the department of revenue and finance, who are
77 10 regularly assigned to conduct investigations which cannot
77 11 reasonably be conducted with a vehicle displaying "official"
77 12 state registration plates, persons in the Iowa lottery
77 13 ~~division of the department of revenue and finance authority~~
77 14 whose regularly assigned duties relating to security or the
77 15 carrying of lottery tickets cannot reasonably be conducted
77 16 with a vehicle displaying "official" registration plates, and
77 17 persons in the department of economic development who are
77 18 regularly assigned duties relating to existing industry
77 19 expansion or business attraction. For purposes of sale of
77 20 exempted vehicles, the exempted governmental body, upon the
77 21 sale of the exempted vehicle, may issue for in-transit
77 22 purposes a pasteboard card bearing the words "Vehicle in
77 23 Transit", the name of the official body from which the vehicle
77 24 was purchased, together with the date of the purchase plainly
77 25 marked in at least one-inch letters, and other information
77 26 required by the department. The in-transit card is valid for
77 27 use only within forty-eight hours after the purchase date as
77 28 indicated on the bill of sale which shall be carried by the
77 29 driver.

77 30 Sec. 110. Section 421.17, subsection 27, Code 2003, is
77 31 amended by striking the subsection.

77 32 Sec. 111. Section 422.16, subsection 1, unnumbered
77 33 paragraph 4, Code 2003, is amended to read as follows:

77 34 For the purposes of this subsection, state income tax shall
77 35 be withheld on winnings in excess of six hundred dollars
78 1 derived from gambling activities authorized under chapter 99B
78 2 or ~~99E~~ 99G. State income tax shall be withheld on winnings in
78 3 excess of one thousand dollars from gambling activities
78 4 authorized under chapter 99D. State income tax shall be
78 5 withheld on winnings in excess of twelve hundred dollars
78 6 derived from slot machines authorized under chapter 99F.

78 7 Sec. 112. Section 422.43, subsection 2, Code 2003, is
78 8 amended to read as follows:

78 9 2. There is imposed a tax of five percent upon the gross
78 10 receipts derived from the operation of all forms of amusement
78 11 devices and games of skill, games of chance, raffles, and
78 12 bingo games as defined in chapter 99B, operated or conducted
78 13 within the state, the tax to be collected from the operator in
78 14 the same manner as for the collection of taxes upon the gross
78 15 receipts of tickets or admission as provided in this section.
78 16 ~~The tax shall also be imposed upon the gross receipts derived~~
~~78 17 from the sale of lottery tickets or shares pursuant to chapter~~
~~78 18 99E. The tax on the lottery tickets or shares shall be~~
~~78 19 included in the sales price and distributed to the general~~
~~78 20 fund as provided in section 99E.10.~~

78 21 Sec. 113. Section 422B.8, unnumbered paragraph 1, Code
78 22 2003, is amended to read as follows:

78 23 A local sales and services tax at the rate of not more than
78 24 one percent may be imposed by a county on the gross receipts
78 25 taxed by the state under chapter 422, division IV. A local
78 26 sales and services tax shall be imposed on the same basis as
78 27 the state sales and services tax or in the case of the use of
78 28 natural gas, natural gas service, electricity, or electric
78 29 service on the same basis as the state use tax and shall not
78 30 be imposed on the sale of any property or on any service not
78 31 taxed by the state, except the tax shall not be imposed on the
78 32 gross receipts from the sale of motor fuel or special fuel as
78 33 defined in chapter 452A which is consumed for highway use or
78 34 in watercraft or aircraft if the fuel tax is paid on the
78 35 transaction and a refund has not or will not be allowed, on
79 1 the gross receipts from the rental of rooms, apartments, or
79 2 sleeping quarters which are taxed under chapter 422A during
79 3 the period the hotel and motel tax is imposed, on the gross
79 4 receipts from the sale of equipment by the state department of
79 5 transportation, on the gross receipts from the sale of self=
79 6 propelled building equipment, pile drivers, motorized
79 7 scaffolding, or attachments customarily drawn or attached to
79 8 self-propelled building equipment, pile drivers, and motorized
79 9 scaffolding, including auxiliary attachments which improve the
79 10 performance, safety, operation, or efficiency of the equipment
79 11 and replacement parts and are directly and primarily used by
79 12 contractors, subcontractors, and builders for new
79 13 construction, reconstruction, alterations, expansion, or
79 14 remodeling of real property or structures, and on the gross
79 15 receipts from the sale of a lottery ticket or share in a
79 16 lottery game conducted pursuant to chapter ~~99E~~ 99G and except
79 17 the tax shall not be imposed on the gross receipts from the
79 18 sale or use of natural gas, natural gas service, electricity,

79 19 or electric service in a city or county where the gross
79 20 receipts from the sale of natural gas or electric energy are
79 21 subject to a franchise fee or user fee during the period the
79 22 franchise or user fee is imposed. A local sales and services
79 23 tax is applicable to transactions within those incorporated
79 24 and unincorporated areas of the county where it is imposed and
79 25 shall be collected by all persons required to collect state
79 26 gross receipts taxes. However, a person required to collect
79 27 state retail sales tax under chapter 422, division IV, is not
79 28 required to collect local sales and services tax on
79 29 transactions delivered within the area where the local sales
79 30 and services tax is imposed unless the person has physical
79 31 presence in that taxing area. All cities contiguous to each
79 32 other shall be treated as part of one incorporated area and
79 33 the tax would be imposed in each of those contiguous cities
79 34 only if the majority of those voting in the total area covered
79 35 by the contiguous cities favor its imposition.

80 1 Sec. 114. Section 422E.3, subsection 2, Code 2003, is
80 2 amended to read as follows:

80 3 2. The tax shall be imposed on the same basis as the state
80 4 sales and services tax or in the case of the use of natural
80 5 gas, natural gas service, electricity, or electric service on
80 6 the same basis as the state use tax and shall not be imposed
80 7 on the sale of any property or on any service not taxed by the
80 8 state, except the tax shall not be imposed on the gross
80 9 receipts from the sale of motor fuel or special fuel as
80 10 defined in chapter 452A which is consumed for highway use or
80 11 in watercraft or aircraft if the fuel tax is paid on the
80 12 transaction and a refund has not or will not be allowed, on
80 13 the gross receipts from the rental of rooms, apartments, or
80 14 sleeping quarters which are taxed under chapter 422A during
80 15 the period the hotel and motel tax is imposed, on the gross
80 16 receipts from the sale of equipment by the state department of
80 17 transportation, on the gross receipts from the sale of self=
80 18 propelled building equipment, pile drivers, motorized
80 19 scaffolding, or attachments customarily drawn or attached to
80 20 self-propelled building equipment, pile drivers, and motorized
80 21 scaffolding, including auxiliary attachments which improve the
80 22 performance, safety, operation, or efficiency of the
80 23 equipment, and replacement parts and are directly and
80 24 primarily used by contractors, subcontractors, and builders
80 25 for new construction, reconstruction, alterations, expansion,
80 26 or remodeling of real property or structures, and on the gross
80 27 receipts from the sale of a lottery ticket or share in a
80 28 lottery game conducted pursuant to chapter ~~99E~~ 99G and except
80 29 the tax shall not be imposed on the gross receipts from the
80 30 sale or use of natural gas, natural gas service, electricity,
80 31 or electric service in a city or county where the gross
80 32 receipts from the sale of natural gas or electric energy are
80 33 subject to a franchise fee or user fee during the period the
80 34 franchise or user fee is imposed.

80 35 Sec. 115. Section 537A.4, unnumbered paragraph 2, Code
81 1 2003, is amended to read as follows:

81 2 This section does not apply to a contract for the operation
81 3 of or for the sale or rental of equipment for games of skill
81 4 or games of chance, if both the contract and the games are in
81 5 compliance with chapter 99B. This section does not apply to
81 6 wagering under the pari-mutuel method of wagering authorized
81 7 by chapter 99D. This section does not apply to the sale,
81 8 purchase or redemption of a ticket or share in the state
81 9 lottery in compliance with chapter ~~99E~~ 99G. This section does
81 10 not apply to wagering under the excursion boat gambling method
81 11 of wagering authorized by chapter 99F. This section does not
81 12 apply to the sale, purchase, or redemption of any ticket or
81 13 similar gambling device legally purchased in Indian lands
81 14 within this state.

81 15 Sec. 116. Section 714B.10, subsection 1, Code 2003, is
81 16 amended to read as follows:

81 17 1. Advertising by sponsors registered pursuant to chapter
81 18 557B, licensed pursuant to chapter 99B, or regulated pursuant
81 19 to chapter 99D, ~~99E, or 99F, or 99G.~~

81 20 Sec. 117. Section 725.9, subsection 5, Code 2003, is
81 21 amended to read as follows:

81 22 5. This chapter does not prohibit the possession of
81 23 gambling devices by a manufacturer or distributor if the
81 24 possession is solely for sale out of the state in another
81 25 jurisdiction where possession of the device is legal or for
81 26 sale in the state or use in the state if the use is licensed
81 27 pursuant to either chapter 99B or chapter ~~99E~~ 99G.

81 28 Sec. 118. Section 725.15, Code 2003, is amended to read as
81 29 follows:

81 30 725.15 EXCEPTIONS FOR LEGAL GAMBLING.
81 31 Sections 725.5 to 725.10 and 725.12 do not apply to a game,
81 32 activity, ticket, or device when lawfully possessed, used,
81 33 conducted, or participated in pursuant to chapter 99B, ~~99E, or~~
81 34 ~~99F, or 99G.~~
81 35 Sec. 119. Chapter 99E, Code 2003, is repealed.
82 1 Sec. 120. IOWA LOTTERY AUTHORITY == TRANSITION PROVISIONS.
82 2 1. For purposes of this section, unless the context
82 3 otherwise requires:
82 4 a. "Iowa lottery authority" means the Iowa lottery
82 5 authority as created in this Act pursuant to chapter 99G.
82 6 b. "Iowa lottery board" means the five-member board
82 7 established pursuant to 1985 Iowa Acts, chapter 33, section
82 8 105.
82 9 c. "Lottery division" means the lottery division of the
82 10 department of revenue and finance established pursuant to 1985
82 11 Iowa Acts, chapter 33, section 103.
82 12 2. The Iowa lottery authority shall be the legal successor
82 13 to the lottery division and, as such, shall assume all rights,
82 14 privileges, obligations, and responsibilities of the lottery
82 15 division. The promulgated rules of the lottery division shall
82 16 remain in full force and effect as the rules of the authority
82 17 until amended or repealed by the authority. In addition, the
82 18 Iowa lottery authority may continue the security practices and
82 19 procedures utilized by the lottery division until amended or
82 20 repealed by the authority.
82 21 3. The Iowa lottery authority is created effective at
82 22 12:01 a.m. on September 1, 2003, upon which date and time the
82 23 authority shall become the legal successor to the lottery
82 24 division. Until the aforesaid date and time, no business
82 25 shall be conducted by the authority on behalf of the lottery,
82 26 provided, however, that the Iowa lottery commissioner and Iowa
82 27 lottery board shall implement such measures as are appropriate
82 28 to ensure a smooth transition from the agency to the Iowa
82 29 lottery authority as of the effective date of succession.
82 30 4. Notwithstanding any provision of chapter 99G, as
82 31 created by this Act, to the contrary, the commissioner of the
82 32 Iowa lottery established pursuant to 1985 Iowa Acts, chapter
82 33 33, section 103, as amended by 1986 Iowa Acts, chapter 1245,
82 34 section 404, shall serve as the initial chief executive
82 35 officer of the Iowa lottery authority. In addition,
83 1 notwithstanding any provision of section 99G.9, as created by
83 2 this Act, to the contrary, the term of office for the chief
83 3 executive officer of the Iowa lottery authority as of
83 4 September 1, 2003, shall end April 30, 2008.
83 5 5. Notwithstanding any provision of chapter 99G, as
83 6 created by this Act, to the contrary, the initial board of
83 7 directors of the Iowa lottery authority shall consist of the
83 8 duly appointed and confirmed members of the Iowa lottery board
83 9 serving at the date of succession. Said board members shall
83 10 serve as members of the Iowa lottery authority's board of
83 11 directors throughout the remainder of their respective Iowa
83 12 lottery board terms, subject to earlier resignation or removal
83 13 from office for cause as provided by this Act.
83 14 6. Personnel of the lottery division employed on September
83 15 1, 2003, shall transition to the Iowa lottery authority as the
83 16 initial authority employees.
83 17 7. Whereas the lottery division was authorized only as a
83 18 self-funded enterprise and except for an initial appropriation
83 19 for start-up expenses, funds of the state have not been
83 20 authorized for use or obligation to pay the expenses or prizes
83 21 of the lottery division. The Iowa lottery authority shall
83 22 function as the legal successor to the lottery division and
83 23 shall assume all of the assets and obligations of the lottery
83 24 division, and funds of the state shall not be used or
83 25 obligated to pay the expenses or prizes of the authority or
83 26 its predecessor, the lottery division.
83 27 8. In order to effect an immediate and efficient
83 28 transition of the lottery from the lottery division to the
83 29 Iowa lottery authority, as soon as practicable, the Iowa
83 30 lottery authority shall do all of the following:
83 31 a. Take such steps and enter into such agreements as the
83 32 board of the Iowa lottery authority may determine are
83 33 necessary and proper in order to effect the transfer,
83 34 assignment, and delivery to the authority from the state of
83 35 all the tangible and intangible assets constituting the
84 1 lottery, including the exclusive right to operate the lottery
84 2 and the assignment to and assumption by the authority of all
84 3 agreements, covenants, and obligations of the lottery division
84 4 and other agencies of the state, relating to the operation and
84 5 management of the lottery.

84 6 b. Receive as transferee from the state of Iowa all of the
84 7 tangible and intangible assets constituting the lottery
84 8 including, without limitation, the exclusive authorization to
84 9 operate a lottery in the state of Iowa and ownership of
84 10 annuities and bonds purchased prior to the date of transfer
84 11 and held in the name of the Iowa lottery for payment of
84 12 lottery prizes, and shall assume and discharge all of the
84 13 agreements, covenants, and obligations of the lottery division
84 14 entered into and constituting part of the operation and
84 15 management of the lottery. In consideration for such transfer
84 16 and assumption, the Iowa lottery authority shall transfer to
84 17 the state all net profits of the authority, at such times and
84 18 subject to such financial transfer requirements as are
84 19 provided in this Act.

84 20 c. Have perpetual succession as an instrumentality of the
84 21 state and a public authority.

84 22 9. Notwithstanding any provision of chapter 99G, as
84 23 created by this Act, to the contrary, the following provisions
84 24 shall apply to the Iowa lottery authority:

84 25 a. Moneys appropriated from the lottery fund to the
84 26 department of revenue and finance, for administration of the
84 27 lottery for the fiscal year beginning July 1, 2003, and
84 28 unexpended prior to September 1, 2003, shall be appropriated
84 29 to the Iowa lottery authority for operation of the lottery.

84 30 b. Of the moneys collected by the lottery division and
84 31 Iowa lottery authority for the fiscal year beginning July 1,
84 32 2003, fifty-four million eight hundred thousand dollars shall
84 33 be transferred to the general fund of the state.

84 34 c. Any authority for establishing the budget of the Iowa
84 35 lottery authority pursuant to chapter 99G, as created by this
85 1 Act, shall only apply for the fiscal year beginning July 1,
85 2 2004, and each succeeding fiscal year.

85 3 Sec. 121. EFFECTIVE DATE. This division of this Act,
85 4 creating the Iowa lottery authority, takes effect September 1,
85 5 2003.

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MARY E. KRAMER
President of the Senate

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CHRISTOPHER C. RANTS
Speaker of the House

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I hereby certify that this bill originated in the Senate and
is known as Senate File 453, Eightieth General Assembly.

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MICHAEL E. MARSHALL
Secretary of the Senate

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Approved _____, 2003

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THOMAS J. VILSACK
Governor

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